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NEWS SUMMARY

GENERAL

Life for Ulster terror gang

A fanatical Protestant gang, including eight men known as the "Shankill Butchers," received a total of 42 life sentences for a 17-month sectarian terror campaign in Northern Ireland.

The "Shankill Butchers" were among 11 men sentenced at Belfast City Commission on 112 charges including 19 murders, with attempted murders, kidnappings and bombings.

Some of their Catholic victims were tortured, others were shot, and some had their throats slashed with razor sharp butchers' knives.

Mr. Justice O'Donnell recommended that two of the men, William Moore and William Bates, should never be set free unless they had a terminal illness.

Scots Assembly needs 1.5m votes

Just under 1.5m ... in Scotland will have to vote in favour of devolution ... overcome the 40 per cent hurdle inserted into the Bill ... by anti-devolutionists. ... Government figures released yesterday.

In Wales, where ... likely to be harder to meet, ... 815,000 will what ... vote Yes for the Assembly ... introduced. Back ... 11

Lottery appeal

Imperial Tobacco ... its appeal against ... judge's ruling that ... cash "lottery promotion" ... brands of King Size ... was unlawful. ... expected to last up to four days, is being followed by dozens of manufacturers with similar promotions and free gift offers.

Hovercraft patent

The patent on the "segmented skirt" which made the hovercraft a commercial reality was extended for 10 years in the High Court. Mr. Justice Whitford said that Hovercraft Development and the National Research Development Council might have difficulty recovering their costs even with the extended patent.

No returns

None of the 188 rail commuters questioned by the Consumers' Association at London mainline stations had claimed season ticket refunds arising from the rail strikes. Forty per cent of those questioned did not realise they were entitled to. Railmen's hours claim Page 10

Licence plan fails

Britain blocked EEC plans to introduce a uniform driving licence throughout the Common Market on the grounds that it would lower UK safety standards for heavy lorries.

Shroud ban

Roman Catholic Church authorities in Turin have forbidden radioactive carbon tests on the Turin Shroud, believed to be the burial sheet of Christ, until the technique has been perfected.

Briefly . . .

Cardinal Hume, Archbishop of Westminster, is to ask the Pope for his views on women priests.

High Court judge banned three youths from trespassing at Pimlico Comprehensive school, London, where security guards have been introduced.

Telephone users in the UK made 741m trunk calls in the last quarter of 1978—70m more than in the same quarter in 1977.

Labour backbenchers failed in a move to make it harder for public companies to make political contributions. Page 11

BUSINESS

Equities steady; sharp fall in cocoa

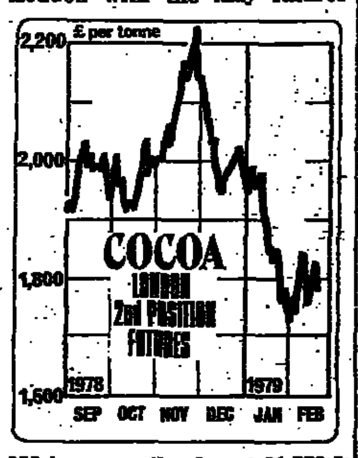
● GILTS continued to gain and longs advanced by up to 1. The FT Government Securities Index rose 0.36 to 68.28.

● EQUITIES were encouraged by gilts, but lost early gains and the FT 30-share index was unchanged at 460.3.

● STERLING rose 15 points to $2.0045 and its trade-weighted index was 63.7 (63.6). The dollar's depreciation fell to 8.2 (8.4) per cent in quiet trading.

● GOLD fell $1 to $247½ in London.

● COCOA prices fell sharply in London with the May futures



£55 lower on the day at £1,778.5 a tonne. Page 29

● WALL STREET was up 4.85 at 831.86 near the close.

● FEDERAL Reserve Board has blocked a move by a group of Arab investors to acquire Financial General Bankshares, the Washington-based bank holding company. Back Page

● U.S.-BASED companies involved in UK off-shore oil operations could be liable to British taxes for the first time, according to a double-taxation treaty awaiting ratification. Back Page

● EEC countries have failed to reach agreement on demands by developing countries for a bigger share of international liner traffic, although they settled their most deeply-rooted differences.

● JAPANESE Finance Ministry has allowed Sears, Roebuck and Co. of the U.S. to issue an unsecured debenture, making it the first corporate yen bond. Page 25

● AN AVERAGE family would have needed a 14.5 per cent rise in income last year to maintain its standard of living, says a survey. Page 7

LABOUR

● ANNUAL CONFERENCE of the Amalgamated Union of Engineering Workers has been cancelled following mounting conflict within the four sections of the union.

● WORKERS at Govan Shipbuilders, Glasgow, have agreed to subcontracting part of the yard's Polish ship order to rival yards to ensure that delivery dates are met. Back Page

COMPANIES

● MARCHWIEL, the building and engineering company, saw pre-tax profits rise to £13.55m (£13.39m) on a 10 per cent rise in turnover for the year to October 31. Page 22

● VANTONA GROUP, the textiles concern, increased pre-tax profits from £6.73m to £7.31m for the year to December 1, on a turnover of £82.4m (£78.8m). Page 24 and Lex

● PERNOD RICARD, the French drinks company, expects last year's turnover to rise 14 per cent to FFr 3.9bn (£455m).

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Excheq. 10pc 1983	£88⅞	+ ¼
Treas. 14½pc 1994	£102	+ ⅜
Assoc. Book Publishers	318	+ 12
Berisford (S. & W.)	182	+ 5
Breedon Lime	118	+ 5
Brown & Jackson	310	+ 15
Cater Ryder	295	+ 10
Crest Nicholson	93	+ 5
Davenports' Brewery	94	+ 3
Decca A	378	+ 13
Electronic Rentals	178	+ 5
Farnell Elect.	445	+ 12
Gill & Duffus	155	+ 7
Intl. Thomson	342	+ 12
Keyser Ullman	47	+ 4
Lawtex	88	+ 7
Lindustries	131	+ 5
Lucas Inds.	275	+ 3
MEPC	174	+ 5
Man. Agency & Music	138	+ 7
North (M. F.)	38	+ 8
Powell Duffryn	168	+ 7
Robertson Foods	138	+ 8
Saatchi & Saatchi	161	+ 6
Sainsbury (J.)	248	+ 6
Sirdar	109	+ 3
Sotheby P.B.	381	+ 6
Union Discount	335	+ 10
Guthrie Corp.	438	+ 6
London Sumatra	227	+ 10
Anglo-Vaal	£10¼	+ ¼
Impala Plat.	226	+ 12
Killinghall	300	+ 45
Pacific Copper	102	+ 8
Selcast Expln.	45	+ 4
Trans. Cons. Land	£16⅛	+ 1

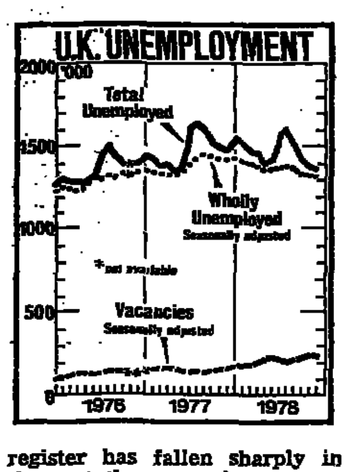
FALLS

Johnson-Richards Tiles	126	− 4
MFI Furniture	230	− 4
Milford Docks	175	− 8
Utd. Scientific	254	− 17

Jobless figures rise sharply again as vacancies fall

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Unemployment increased sharply again in the month to mid-February. This was partly because of the severe weather, but a drop in underlying level of labour market activity is suggested by the first significant fall in notified vacancies since last summer.



The number of adults out of work rose by 23,500 to 1.36m, seasonally adjusted, Department of Employment figures announced yesterday show. This is equivalent to 5.7 per cent of the work force.

This is the biggest monthly increase since September 1977. It means that unemployment has gone up by 42,000 in the last two months, in contrast with the decline of 102,000 in 1978.

The Whitehall view is that in spite of the recent rise it is too early to say whether last year's trend will be reversed.

Officials point to a number of special factors so far this year, notably the weather. This has affected building in particular, and has been reflected in an above-average rise in unemployment in hard-hit regions such as the North, Scotland and Wales.

There may have been some spill-over effects from the lorry drivers' strike, though it was officially over before the unemployment count on February 8.

The Government's special job measures have also had a declining impact on the number registered as unemployed, down from 187,000 in December to about 173,000 now.

This is largely because of the rundown of the Temporary Employment Subsidy. Officials hope that this is only a short-term drop before other schemes including those announced yesterday, start to have a greater impact.

All these factors may argue for caution in judging whether the trend has changed, though other evidence points to easing of pressure in the labour market.

In particular, vacancies notified to the Department of Employment fell by 5,000 to 230,900, seasonally adjusted, in the month to mid-February, though this was still nearly 25 per cent higher than a year ago.

An indication of underlying activity is provided by flows on to and off the unemployment and vacancies registers each month.

The flow on to the vacancies list has been declining since last October, while the number leaving the unemployment register has fallen sharply in the past three months.

Even after allowing for special factors, it seems likely that the slackening in growth of output since last summer has, after the usual time lags, started to affect unemployment.

Gross domestic product showed little change over the second half of last year, as announced on Monday, and the official index of cyclical indicators, giving advance warnings of turning points in the economy, has been falling since late 1977.

A continued bright feature is the fall in the number of school-leavers out of work. The total dropped by 8,000 in the month to mid-February and at 39,400

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Booth plans new jobs subsidy

By Christian Tyler, Labour Editor

THE GOVERNMENT intends to add to its list of job protection and creation schemes a new wage-related employment subsidy for private companies.

Mr. Albert Booth, Secretary for Employment, told the Commons yesterday that the subsidy could be made available "in some restructuring situations" ". . . to preserve jobs which would otherwise disappear.

Details of the scheme have still to be worked out with the TUC and Confederation of British Industry and will have to be reported to the EEC for clearance under competition rules.

The proposal appears to be a more selective version of the Temporary Employment Subsidy, which came under fire from the European Commission as being unfair support to long-term loss-making companies. It would probably aim to encourage companies to reorganise retaining labour, rather than close down unprofitable parts of their business.

Mr. Booth also announced a temporary short-time working scheme for both public and private sectors to replace the Temporary Employment Subsidy which ends after March 31. This is expected to resemble the measures introduced, under EEC pressure, for phasing out the subsidy in the textiles, clothing and footwear industries.

Retirement

Subject to discussions with the CBI and TUC, a subsidy of 75 per cent of a workers' normal pay for each day lost would be given by the Department of Employment to avert redundancy, and would be paid for 12 months.

This scheme is intended to fill a gap until the Government's proposal statutory short-time working scheme is approved, paid for jointly by Government and employer through a special fund.

Some existing job creation schemes are being expanded. The youth opportunities programme, the special temporary employment programme and the community industry scheme, all run by the Manpower Services Commission, will be enlarged to take a total of 300,000 unemployed people, the great majority of them under 19.

The early retirement or "job release" scheme is to run for another year.

Mr. Booth said the measures would be met from funds already allocated to the Department of Employment and the Manpower Services Commission.

Goodyear stands firm on Glasgow closure

BY RAY PERMAN, SCOTTISH CORRESPONDENT

GOODYEAR TOLD its 700 employees at Drumchapel, Glasgow, yesterday that it was not giving them a second chance to accept a rescue package and would close the factory within three months.

The move reflects the fragile condition of the UK tyre industry, which has lost market share recently, and the poor productivity of Goodyear's Scottish plant, which accounted for £3m of the company's £18m British losses last year.

Productivity at Drumchapel has remained at less than half the average of European plants using identical machinery; absenteeism is high, and has increased recently; and there is nearly twice as much waste as in other plants.

On top of this, Goodyear, like other British tyre manufacturers, has suffered from a declining market. The company is planning to prune up to 1,000 jobs from its main plant at Wolverhampton, although some of these could be saved through work being transferred south from Glasgow.

Dunlop also announced 3,100 redundancies last month, including the closure of its Speke plant. Firestone is discussing big cuts in its European plants.

The rise in car imports has meant a drop in demand for tyres for new British cars, cheap foreign tyres have taken some of the market for replacements, and the introduction of the radial in place of the crossply has meant that tyres now have a much longer life.

At Drumchapel, Goodyear made 100 redundant a year ago, and has since given regular reports to the workforce.

The company wanted to reintroduce a Friday night-shift—abandoned after an 11-week strike four years ago—to try to make the plant viable. This would have brought the factory into line with other British and continental plants, but it was rejected by the workforce last week against the advice of shop stewards and union officials.

Mr. Westi Hansen, chairman and managing director of Goodyear (Great Britain), said that the attitude of the workforce at the Scottish factory contrasted sharply with the co-operation the company was receiving from its plants at Wolverhampton and Craigavon, Northern Ireland.

Goodyear could no longer go on subsidising Drumchapel at the expense of more efficient plants. There was no question of reconsidering the closure.

Mr. Edward Duffy, convenor at the plant, said he was very disappointed, but had expected the announcement. There would be a meeting of the workers on Sunday.

Mr. James Milne, general secretary of the Scottish TUC, said he would try to get the management and unions to meet.

News Analysis, Page 8

New tap may be over-subscribed

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

PRICES OF gilt-edged stocks rose sharply again yesterday with the result that the two new stocks on offer may be over-subscribed when lists open tomorrow.

There were widespread reports yesterday of buying by foreign investors from Japan and Europe following the recent large-scale purchases by UK institutions.

The strong demand has resulted in the sale of more than £1bn net of stock and has pushed up the FT Government Securities Index by 2½ per cent since Minimum Lending Rate was raised nearly a fortnight ago.

But two-thirds of the rise in the index has come in the past two days. This is after the price of the two new issues — a medium and long-dated tap stock—were fixed on Friday roughly in line with the market. The result is that the new issues are offering yields of around 30p to 35p per cent more than existing stock.

An added attraction is that only £15 per cent of the two stocks has to be put up on application with the rest due over the next two months.

A major market reverse would probably be required for these stocks not to be fairly fully subscribed tomorrow. The total amount due on the two stocks is £1.25bn.

The possibility of the issue being over-subscribed creats a dilemma for the Bank of England. The authorities appear to be pleasantly surprised to say the least, by the scale of buying which more than covers their funding needs for public sector borrowing for the next two months.

But the response is also embarrassing; there is in particular, the problem of what can be done next to prevent gilt-edged prices racing away given the apparently strong demand. Such a development could complicate future funding and control of the money supply.

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FEATURES

For latest Share Index 'phone 01-246 8026

China to pull out

BY OUR FOREIGN STAFF

CHINA is preparing to withdraw its troops from Vietnam after four days of bloody conflict in which Peking has sent 100,000 troops backed by armour, artillery and air strikes across the border.

After a day of confusion—in which one inspired leak by a senior Chinese official in Peking to the effect that China's troops were being pulled back was later denied—independent observers in Bangkok confirmed that a withdrawal is being planned.

According to the latest intelligence reports from the battlefront, orders from the Chinese Army command have been sent out to all field units to prepare for a withdrawal, although fighting was still going on.

Late last night in the first official Chinese report for two days on the fighting the New China News Agency said in Peking that China's troops were "continuing to hit back" at Vietnamese forces.

Vietnamese diplomats in Peking had earlier said that their troops had launched a major counter-offensive in the border conflict with sustained air attacks to back the ground troops.

IN ATLANTA, President Carter condemned both Vietnam's invasion of Cambodia and the Chinese incursion into Vietnam. But he said the U.S. would not intervene in conflicts "between Asian Communist nations."

Metal prices Page 29

Carter SALT warning

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

PRESIDENT CARTER gave a warning yesterday that relations with the Soviet Union might deteriorate, endangering world peace, unless a strategic arms limitation agreement was concluded and ratified by Congress.

In an important foreign policy speech in Atlanta, Georgia, the President also emphasised U.S. willingness to support the new Government in Iran and to stand by its friends elsewhere in the world. But he was at pains to point out the limitation of American influence and U.S. determination to use other than military means to achieve its peaceful end.

The speech had originally been designed to launch the Administration's move for ratification of a SALT agreement, which is believed to be in considerable trouble in the Senate. But it was widened in scope at the last minute to take account of recent developments in Iran and south-east Asia. Mr. Carter has been sharply criticised at home for his policies or, as his opponents allege, his lack of them in both those areas.

World peace, Mr. Carter said in drawing together the disparate strands of recent events, "remains a fragile thing, vulnerable to assaults from all sides." Attainment of it was "a challenge to our determination and leadership" which the U.S. would not shirk. The U.S., he went on, provided "the bedrock of global security and economic advance" in a changing world.

Recent events, he maintained, underlined the need for a strong defence posture and a strategic arms agreement, which he described as "a fundamental element of strategic and political stability in a turbulent world."

Salt Two, he said, would significantly reduce the number of Soviet missiles and bombers, enable the U.S. to increase its missile and bomber capabilities, and permit it to invest in big new weapons systems. Without Salt Two, Russian strategic strength would be a third higher than with it. The agreements would also be verifiable, since "the stakes are too high to rely on trust," the President said.

Such a pact could not be divorced from general relations with the Soviet Union, which constituted a mixture of co-operation and competition. "I cannot let the competitive elements overwhelm the possibility of co-operation any more than I will let co-operation blind us to competition, which we are fully prepared to meet," Mr. Carter stated.

But, he concluded, without Salt each crisis confrontation and friction with the Soviet Union would take on an added measure of significance and danger because it would occur in "an atmosphere of unbridled competition."

Mr. Carter was at pains to warn Moscow not to interfere in the internal affairs of other countries. Specifically, he said, he rejected the arguments of those who sought to equate U.S. action to defend the safety of its citizens in Iran with interven-

Continued on Back Page

£ in New York

—	Feb. 16	Previous
Spot	$2.0035-0045	$2.0025-0035
1 month	0.49-0.44 dis	0.50-0.45 dis
3 months	1.32-1.27 dis	1.36-1.31 dis
12 months	4.70-4.50 dis	4.75-4.55 dis

Paul Lendvai reports from Vienna on the growing succession crisis in Yugoslavia

From personal to collective rule

President Tito may be some way from firing his last shot, but his death seems certain to be followed by a power struggle

WITH THE death of Edvard Kardelj, the second in the leadership league, the problem of the succession to Marshal Tito, who is nearly 87 years old, has become more than ever the central political issue in Yugoslavia. The Press for four days has been publishing innumerable obituaries of Mr. Kardelj; and domestic and foreign tributes, bringing home that the death of Yugoslavia's chief theoretician also marked the end of an era.

All of the indomitable President's closest comrades-in-arms from the Second World War partisan movement and the postwar reconstruction are now either dead or disgraced. The latter category includes the former Vice-presidents, Mr. Milovan Djilas (since 1954) and Mr. Alexander Rankovic (1966). Such veteran politicians, as the 67-year-old Dr. Vladimir Bakaric, the representatives of Croatia in the State Presidency and the Party Presidium are identified with one nation only. In this country of 22m people living in six republics and two autonomous provinces and composed of over a dozen larger and smaller national groups, Marshal Tito alone is accepted as a truly all-Yugoslav figure.

Thus the question is not "Who comes after Tito?" but what. In striking contrast to persistent Western Press speculation, there is no potential successor in sight. This is why President Tito last November gave the go-ahead for an unprecedented campaign in favour of "collective leadership." Ever since, the issue has been discussed by the party and mass organisations at innumerable meetings at all levels.

Yugoslavia is living in fact, if not in name, more and more under a "post-Tito system." The latest changes in the constitution and the party statutes provide for what is hoped will be an orderly transition from the rule of a charismatic leader to the rule of institutions. Under these arrangements, Tito's heirs will, in fact, be two collective bodies: the nine-member Federal State Presidency and the 24 member Communist Party Presidium.

The State Presidency consists of the representatives of each republic and province with the party president having the ninth seat. The party presidium is based on the same principle: each republic has three and each province two delegates. Since the last party congress in June, 1978, the army has an institutional voice in the party presidium. With Marshal Tito as President, the top party body has 24 members.

What is the balance of forces in these central bodies and the relationship between the republican power centres? Marshal Tito, of mixed Croatian-Slovenian stock, is the symbol of Yugoslav unity and of the party. However, all crucial decisions, including those about the succession mechanism, are already now being taken by the leaderships of the republics and provinces. The party has in fact been long "federalised."

> "Yugoslavia is living in fact, if not in name, more and more under a post-Tito system. The latest changes in the Constitution and party statutes provide for what is hoped will be an orderly transition from the rule of charismatic leader to the rule of institutions"

Under the conditions of permanent friction between the regions and the political jockeying for power (now called "leaderism"), President Tito has repeatedly stressed that the 250,000-strong army, the only remaining supranational institution, is the chief guarantee of unity, socialism and independence.

General Nikola Ljubicic, the 64-year-old Minister of Defence, is bound to play an important role behind the facade of a "collective leadership." In addition to President Tito himself and Prime Minister Veselin Djuranovic, the general is the only member in the Party Presidium also to occupy a top executive position in the State apparatus. Since he was appointed in 1967 as Minister, General Ljubicic has gradually emerged as President Tito's favourite general.

For all the talk about periodical rotation at the top, General Ljubicic has remained in place, surviving the upheavals in the 1970s which swept away not only most of his deputies, but also the former top leaders in Serbia, Croatia, Macedonia, Slovenia and the province of Vojvodina.

Even the mysterious disappearance of Madame Tito was in some way connected with the ambitions of her personal friends in the high command. In any case, there are now 21 generals or admirals among the 166 Central Committee members. The army accounts for some 100,000 out of the 1.6m party members.

The fact that the powerful minister of interior since 1974, Franjo Herljevic is also an Army general is significant. The security service has been gaining in power. The release of the four alleged terrorists wanted by West Germany last year from a Zagreb jail, in revenge for the treatment of alleged Croat terrorists in the Federal Republic, also reflected the growing political influence of the security apparatus.

But speculation about generals running the show in the twilight of the Tito era are as unfounded as are fears of a military dictatorship after Tito. The crucial and often overlooked point about Yugoslavia is that its political, economic and social tensions both reflect and produce national passions. The top officer corps is traditionally dominated by Serbs and Montenegrins, who together account only for some 42 per cent of the total population.

The Croats are also under-represented in the Party Presidium since, despite their 22 per cent share of the population, they have only four representatives (even if one includes Tito himself) while Montenegrins with a mere 2.5 per cent of the population boast three members. The Slovenes and Macedonians also have three delegates while the Albanian minority (the fastest growing ethnic group) is represented by two officials. Serbs and Montenegrins make up half of the Presidium.

The break-up of pre-war Yugoslavia and the history of the Tito regime show that the causes of economic and national tensions can only be eradicated by consent and not by order from above.

Meanwhile the introduction of one-year rotating chairmanships from the Party Presidium and other top political bodies down to grassroots level should block what President Tito called the "unhealthy ambitions" of individuals and groups. The chief beneficiary of the present turmoil is the 51 year old Mr. Branko Mikulic. A Croatian party leader from multinational Bosnia who last October was elected as the first to hold the new office of the Party Chairman for one year. Deputising for Tito, the Chairman ranks before Mr. Stane Dolanc, the party secretary. This 54 year old quick-witted and jovial Slovene politician was long regarded as the frontrunner for the succession to the marshal as effective party leader.

Mr. Dolanc, a former colonel in the Army counter-intelligence service, together with the Macedonian foreign policy expert, Mr. Alexander Grlickov and the former Foreign Minister and Serbia's representative in the Party Presidium, Mr. Milos Minic, belongs to the so-called "progressive" group. But the old leader traditionally prefers the Mikulic-type of no-nonsense and seasoned party official standing for the maintainance of discipline, and law and order rather than risky political and social experiments. For this reason, Mr. Kardelj's death came as a blow to the hopes of the more liberal elements who can be found in all republics.

The p[illegible]esent campaign against "leader[illegible]" and for "collective lea[illegible]ship" is, of course, only a [illegible] for the latest [illegible] of the power battle. But no[illegible] the men slated to share [illegible] after Tito's depart[illegible] be suspected of pro-Sov[illegible] sympathies. In the meanti[illegible] political turmoil is like[illegible] go on. Forecasting "winn[illegible]" and "losers" is imposs[illegible] because so many once p[illegible] politicians have within [illegible] last few years disappear[illegible] from political life. The Y[illegible] have proven to be tota[illegible] unpredictable and the outcom[illegible] the succession strugg[illegible] more than ever shrou[illegible] — the uncertainty.

Romania's war of words with neighbours heats up

BY LESLIE COLITT IN BERLIN

EAST EUROPEAN diplomats say the war of words between independent-minded, Communist Romania and its Communist neighbours is growing worse as a result of Romania's refusal to condemn China's invasion of Vietnam.

Apart from Bucharest's expected rejection of the current anti-Chinese "hands off Vietnam" campaign in Eastern Europe, the Government-controlled Press in Romania and other more pro-Soviet Warsaw Pact countries are involved in increasingly heated exchanges.

The East Europeans point to the official Romanian foreign affairs weekly, Lumea, which has expressed deep concern about an article critical of the Romanian Communists in a recent issue of Tvorba, the weekly organ of the Czech Communist Party's central committee.

Romania believes the Czech broadside was inspired by the Soviet Union, a device used when Moscow does not wish to express its views directly.

The Czech article openly attacks Romania's stance at the conference of Communist parties held recently in Bulgaria at which the Russians and their allies condemned the Chinese but were not joined by the Romanians or Italian Communists, nor by a number of Western delegations. This is said to have angered Moscow deeply.

The Romanians have counter-attacked in Lumea, saying that the Czech weekly had no business dividing Communist views into "right" and "wrong" ones, "as if they were student examination papers."

Satellite talks get nowhere

BY BRIJ KHINDARIA IN GENEVA

COOLNESS AND discord marked the adjournment in Berne yesterday of bilateral talks between the United States and the Soviet Union to prevent the development of weapons designed to destroy or disable satellites. Hardly any progress was made at the talks begun on January 16.

The need for such impunity arises from recognition that in today's world of sophisticated and well-hidden weapons systems, only satellites are capable of verifying that international pledges are honoured.

Satellites, for example, are a key method of checking whether nations uphold commitments not to carry out nuclear tests above certain threshold levels, and of monitoring large troop movements.

Photographs taken by U.S. spy satellites are alleged to have given Israelis the exact location of Egyptian missile sites in the Six-Day and subsequent wars.

Separate agreements already proscribe interference with satellites and certain uses of anti-satellite weapons, but controls on the development of such weapons have yet to be agreed. This was the theme of the negotiations in Berne.

A brief U.S. statement said the talks were "frank and business-like" and that the place and date of subsequent negotiations will be arranged later. The talks took place alternately at the U.S. and Soviet embassies.

Underlying the negotiations is the fear on both sides that satellite weapons might be directed towards Earth.

France, also, fearing U.S. and Soviet monopoly of information obtained from satellites, has called for the creation of an international satellite monitoring agency which would oblige that information to be shared. France has suggested that satellites should also be used to monitor implementation of future international accords, such as a complete ban on nuclear tests, and information obtained from satellites might help settle disputes among states.

This proposal will be discussed in Geneva later in the year.

Wave of strikes in Spain

MADRID — A fresh wave of strikes made idle thousands of workers across Spain yesterday, paralysing the textile industry, delaying air line flights and stopping street cleaning in Madrid.

Union officials said nearly 300,000 textile workers began a 48-hour strike demanding a 14 per cent pay rise and other benefits. The walkout was heaviest in the Barcelona area where Spain's textile plants are concentrated.

A nationwide slowdown by the 17,000 ground employees of the national airline, Iberia, delayed flights for the second day. The airline was hit by a pilots' slowdown last week.

In Madrid, about 70 per cent of the 13,000 city employees also began a 48-hour strike for a 14 per cent increase. It halted street and park cleaning, closed city repair shops and the municipal slaughterhouse.

Agencies

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German consumers call for farm prices freeze

BY JONATHAN CARR IN BONN

A STRONG call to the Bonn Government to accept a freeze on European Community agriculture prices and the dismantling of the system of monetary compensatory amounts (MCAs) in farm trade was made yesterday by the West German consumers' association.

The association—the Arbeitsgemeinschaft der Verbraucher (AGV)—even suggested that the European Commission's plans for a freeze did not go far enough to deal with the problem of surplus farm production. However, they were a step in the right direction.

The MCA system, a dispute over which is delaying introduction of the European Monetary System (EMS), was described as a privilege which, over the years, had brought West German farmers billions of Deutsche Marks. AGV figures showed that the system fixed the overall farm price level here between 5 per cent and 10 per cent above that of the rest of the Community, making West German agricultural produce among the most expensive in the world.

The AGV argues that the system — which among other things compensates West German farmers for the rise in the value of the Deutsche Mark—should be used only as a relatively brief aid to adjustment following abrupt currency changes.

However, in negotiations in Brussels, Herr Josef Ertl, the Bonn Agriculture Minister, has argued that he can accept a cut in MCAs only in the context of Community farm price increases. The West German farmers' association has been arguing with its usual vigour on similar lines.

Herr Josef Ertl

The voice of the consumer, or of organised labour in non-farm sectors of the economy, on the topic is seldom heard. But last month Herr Heinz Oskar Vetter, the chairman of the DGB (German equivalent of the British Trades Union Congress), publicly advocated a change of EEC farm market regulations in favour of consumers.

In its statement yesterday, the AGV rejected the argument that West German farmers in general suffered from relatively low incomes. On the contrary, qualified farmers could earn two or three times more than the average working man, who was principally responsible for paying (through subsidies) the agricultural subsidies.

Further, AGV said that farmers, and other self-employed people, were at the top of the list in terms of assets ownership in West Germany. The value of farming land had increased on average by about a third in the past three years. This meant an increase of more than DM 120,000 (£32,250) in the value of the average holding used solely for farming.

In reply to such points, representatives of the farming community point to the wide differences in farming income, according to the size of the holding and the terrain, and to sharp annual fluctuations in earnings due to weather. However, it is generally agreed that West German farmers have made solid progress over the last decade, that they have become a considerable exporting force, and that a solution should be found to the problem of surplus production, much of it originating in this country.

Finns raise growth estimate

Finland expects real growth in 1979 of around 4.5 per cent compared to an earlier 3.5 per cent estimate, and that the final figure for 1978 will be about 2.5 per cent, according to Mr. Esko Rekola, the Finnish Economics and Second Finance Minister. The main reasons for the higher growth are the continued rise in exports, although at a slower rate than last year, and a probable sharp rise in private consumption.

The growth in exports will help keep the trade and current accounts in surplus this year, though they will be below last year's FM 2.9bn (£365m) and FM 2.3bn (£289m) respectively.

Chinese students

A hundred Chinese students ranging in age from 16 to 19, arrive in France on Friday to begin their university education under an agreement between China and France, officials told AP in Paris. *China is sending* about 4,000 students to study abroad.

Eanes' Africa visit

President Antonio Ramalho Eanes began a five-day state visit to Guinea-Bissau yesterday, the first official visit by a Portuguese head of state to a former African colony, Reuter reports from Lisbon. Guinea-Bissau was the first of Portugal's African colonies to gain independence—on September 24, 1974—and Lisbon wants to help develop oil and aluminium bauxite reserves which are among the country's few natural resources.

Malta-EEC link urged

Malta should join the Common Market to solve its economic and security problems, Mr. Eddie Fenech Adami, leader of the island's opposition Nationalist Party, said in Bonn yesterday, Reuter reports.

France criticised over EMS delay

BY MARGARET VAN HATTEM IN BRUSSELS

MR. ROY JENKINS, President of the European Commission, yesterday made a thinly veiled attack on France over the dispute on farm pricing arrangements which is blocking introduction of the European Monetary System (EMS).

It was up to Agriculture Ministers, and particularly France, as current president of *the Council of Ministers, to* conclude an agreement quickly, he told a meeting of COPA, the EEC farmers' organisation.

"We have the right to demand again that the Agriculture Council, and not least the presidency of the Council, should assume their responsibilities and reach a fair and durable agreement very soon," he said.

"If they fail and if the EMS continues to be blocked, history will judge the Council severely."

Mr. Jenkins strongly defended the Commission's decision to press for a freeze on farm prices this year against COPA's accusations that this was unfair discrimination against farmers, and that this showed the Commission was "willing to put the *future of the whole of the* Community agriculture sector at risk.

"The greatest threat to the *Common Agricultural Policy* today is the existence of increasing surpluses," he said. "Do not let your short-term interest in increased prices put at risk the long-term future of the system."

The Commission was not trying to escape its obligations to ensure the secure incomes of farmers, he said.

But he indicated that it was more interested in helping poorer small farmers than in increasing protection for the Community's privileged big farmers.

This year, for example, the Commission planned to introduce stricter criteria for farm modernisation grants. "We propose to make these benefits available to more of the small-scale farms which have hitherto been excluded. We want to concentrate the aid on regions that are less well developed, rather than disperse it generally as at present," he said.

Mr. Jenkins said enlargement of the Community to include Greece, Spain and Portugal, would accelerate the policy changes necessary to redress to present imbalance between North European and Mediterranean agriculture. But the Community's ability to implement these changes would depend on its success in controlling expenditure on farm price support.

Mr. Roy Jenkins

European elections explained to Italians

BY RUPERT CORNWELL IN ROME

THE EUROPEAN Community yesterday launched an official promotion of the direct elections to the European Parliament in June despite the danger of their being overshadowed by an Italian general election.

In Italy, the EEC campaign, costing L1.9bn (£1.2m) will run until April 20. Thereafter, it is envisaged, the political parties will take over, shifting the focus to policy issues from the initial information campaign by the Community.

The risk that national and European campaigns might overlap worries officials from the EEC who believe that their efforts would lose much of their impact. This is particularly true of Italy, where all the main parties are in favour of direct elections.

Questioned about the possibility that the two elections *might be held simultaneously on* June 10 in Italy, Sig. Lorenzo Natali, vice-president of the EEC Commission, and Commissioner in charge of co-ordinating the direct elections campaign, said he hoped the situation would not arise.

He made clear that none of the nine member Governments had given the slightest indication of wanting to delay the European elections. He was confident that this would not happen.

However, an early end to the *present Italian Parliament* followed by elections, remains the most likely outcome of the confused Government crisis here, which is entering its fourth week with no solution in sight.

The small and divided Socialist Party largely holds the key to events, after rejection by the Communists of terms offered by Sig. Giulio Andreotti, the Prime Minister-designate for the rebuilding of the five-party Parliamentary majority.

Meetings last night and today by the Socialists and the ruling *Christian Democrats* will decide whether, as expected, Sig. Andreotti goes back later this week to President Pertini to report failure.

In that event, it will be up to the President, a Socialist, to decide whether to accede to the demands of his own party and the Communists by picking a lay figure from one of the smaller parties to try to form a Government. Assuming that experiment fails, the only alternative to a dissolution would be a new variant of the old Centre-Left formula, embracing *Christian Democrats*, Republicans and Social Democrats.

Socialist support for such a venture would be vital. But the *party would face a bitter choice.* It would have either to give its blessing and risk a damaging split between Left- and Right-wing factions, or it would have to join the Communists in opposition. Unity would be ensured in that case but at the price of making a spring poll certain

Britain yesterday blocked a proposal by the European Commission to introduce a uniform driving licence licence throughout the Common Market on the grounds that it would lead to a lowering of the UK's safety standards for heavy lorries, writes *Guy de Jonquieres*. Mr. William Rodgers, UK Transport Minister, said Britain had the best road safety record of any Community member. This was partly due to the stringent tests required for drivers of heavy vehicles, for which

Soviet missile threat emphasised

BY ADRIAN DICKS IN BONN

THE WEST GERMAN Government strongly reiterated its view yesterday that the NATO alliance is threatened by the *Soviet Union's growing numbers* of SS-20 medium range rockets, and that it lacks any system to balance the missile *force.*

In a lengthy reply to a series of parliamentary questions, the Government did not, however, *give any clue to what attitude* it would take to the deployment in West Germany of either the Pershing 2 missile or the Cruise *missile. These weapon systems* are considered a possible defence against the SS-20.

Herr Friedrich Zimmermann, *leader in the Bundestag of the* Bavarian Christian Social Union, accused the Government of "hiding behind a heap of generalities" *in leaving out all* mention of this "most urgent question in current security policy."

The *Government statement*, said however that "in the overall nuclear balance between East and West; there is, in spite *of some unfavourable trends for* NATO, no immediate military danger, since the main nuclear forces of the U.S. are conceptu*ally and structurally integrated* with the nuclear forces in Europe."

The statement commits Bonn *to supporting the conclusion of* a second strategic arms limitation treaty (SALT II) as well as the continuation of the U.S.-Soviet negotiations towards a SALT III. Despite the many recent public comments here *approving of* SALT II, the declaration inevitably touches obliquely on the failure of the proposed treaty to take the "*grey zone*" *medium range* weapons into account. It expressed the hope that during the preparatory stages of SALT *III, discussions would take* place with the U.S. that "fully cover the security interests of the entire alliance."

Bonn acts on chemical pollution

BY OUR BONN CORRESPONDENT

FRAU ANTJE HUBER, the West German Minister of Health, yesterday introduced the country's first federal Bill to prevent and control chemical pollution of the environment. Up to now, there has been no piece of federal legislation adequately covering the field, so that it has been left partly to chemical companies to police themselves, and partly to State governments to take action.

The Bill, which the Minister hopes to have approved by her Cabinet colleagues *before the* summer recess, would be the single most important piece of environmental action by the Social Democratic—Free Democratic coalition during the current four-year term that expires at the end of 1980. As such, it might become a major defensive weapon for the coalition against the so-called "green parties" in next year's Bundestag election.

Under the Bill, newly *developed chemical compounds* would have to be tested extensively for their environmental impact under standards laid down by *the authorities. More* animal tests for such risks as carcinogenity are foreseen.

Frau Huber estimated the *cost of the Bill* at about *DM 40m* (£10.75m) a year to the chemical industry, if it was assumed that about 300 new *industrial chemicals* a year were marketed.

Pressure on the Bonn Government to take action has *increased* since the recent publication of "Seveso ist Ueberall," a best-seller based on an official report on the implica*tions for West Germany of the* 1976 TCDD chemical tragedy at Seveso, in northern Italy.

Salisbury airport 'normal' after raid

By Tony Hawkins in Salisbury

SALISBURY International Airport, 10 miles from the city centre, was operating normally yesterday, after an unsuccessful attack the previous night by Patriotic Front guerrillas. A military communique confirmed that guerrillas had attacked the airport with mortars just before midnight on Monday, but there were no injuries or damage to property. Military sources said later that the attack had been launched from a long distance, and no mortar shells had even reached the runways—one of the longest in the world—let alone the airport terminal buildings. The shells are understood to have exploded outside the airport perimeter.

The attack was the third against a strategic installation in the capital, and the second in a week. In December, guerrillas carried out a successful raid on Salisbury's bulk oil storage depot, and last Tuesday made an ineffectual attack on the power station three miles from the city centre. There have been no casualties in any of the raids.

The only visible evidence of the attack yesterday morning was the sight of airport officials taping windows to minimise the danger of flying glass if there are more attacks.

The attack was launched against the civil airport, not the military complex which is a mile away on the other side of the main runway.

This is the first attack of the war on Salisbury airport. It took place when the airport was virtually deserted, although one flight—the late-night service from Johannesburg—came in two hours after the assault.

Combined operations headquarters announced later that guerrillas had killed two whites and two blacks in other incidents.

A white farmer was killed when his car was ambushed in the Shaamva area of North-east Rhodesia, while a white pilot and two black servicemen also died in the north-east when their small aircraft struck a mine while landing.

Meanwhile, Rhodesia's House of Assembly yesterday passed the third reading of the Constitution Bill providing for one-man one-vote elections in April. The Bill now goes to the Senate for final ratification, which is regarded as a formality. The Constitution will be promulgated early next month, and March 23 is scheduled to be nomination day for the elections. The Rhodesian Parliament is likely to be dissolved before the end of this month, possibly later this week.

● Chief Jeremiah Chirau, a member of Rhodesia's transitional Government, flew into London yesterday for a meeting with Dr. David Owen, the Foreign Secretary, at which he will demand a full explanation of why plans for an all-party conference on Rhodesia were shelved.

Four more generals shot in continuing Iran purge

TEHRAN—Iran's revolutionary rulers yesterday executed four more of the Shah's generals, bringing to eight the number of top military men killed in the last week.

The death sentences were decreed by an Islamic revolutionary court and carried out at 2.45 a.m., the national radio "Voice of the Revolution" said.

The four men executed were: Brigadier-General Nematollah Motamedi, military governor of Qazvin and army commander there, Brigadier-General Manouchehr Malek, commander of the armoured brigade in Qazvin, Major-General Parveez Amir Afshar, commander of a division of the guards, and Brigadier-General Hossein Hamadanian, head of the Savak secret police in the western city of Kermanshah.

Four generals — including Nematollah Nasseri, the former head of Savak—were machine-gunned to death just before midnight last Thursday on the roof of the military headquarters of the religious leader Ayatollah Ruhollah Khomeini, who led the campaign to topple the Shah.

When the first executions were announced, an official spokesman said 22 other military and civilian officials of the overthrown monarchy were being put on trial.

Meanwhile, more than half of Iran's soldiers, who deserted in droves during the uprising, have returned to duty across the country although the rate of return has been lower in Tehran, the new Chief of Staff has said.

Gen. Mohammad Vali Qarani told reporters that soldiers in Tehran still feel a great deal of bitterness from the people after months of clashes leading to the overthrow of the monarchy.

"I have inherited an army which in Tehran did not have even one soldier," Gen Qarani said, "and because of the treason of former commanders, most barracks were burned.

"But in a short period of time, we have been able to return to barracks or posts more than 50 per cent of army personnel, especially outside Tehran." He said the problem in getting more soldiers to return was one of "fear army personnel feel and the insults with which we are addressed by the nation."

He said the forced retirement of senior officers was continuing, and that another 20 had been dismissed on Tuesday. Among those placed on the retirement list were Gen. Gholam-Reza Azhari, martial law Prime Minister who left for the U.S. in January.

Gen. Garani also revealed that members of the Imperial Guard, sworn to protect the Shah, had submitted resignations from the service. Prime Minister Mehdi Bazargan announced last week the elite guard would be disbanded and its members farmed out to other units.

Agencies.

The jetliner flown by Shah Mohammad Reza Pahlavi when he fled Iran last month was hijacked by its crew and flown back to Tehran from Morocco yesterday, a spokesman for the new revolutionary Government confirmed. The spokesman said the Boeing 707 named Shahin, or Shah's Falcon landed at Tehran's Mehrabad airport and its crew was then escorted to the headquarters of Ayatollah Khomeini.

Border war may halt Vietnam's exploitation of offshore oil

BY MICHAEL MORROW

VIETNAM'S offshore oil exploration programme has started, at last, with the spudding of the first well some 300 miles south of Ho Chi Minh City.

But this first step to exploit what many believe are substantial quantities of offshore oil, could well be overshadowed by hostilities with China and continuation of the U.S. trade embargo against Vietnam.

Vietnam has so far signed three offshore exploration contracts with foreign companies: with Bow Valley, of Canada, for two exploration blocks, with Agip, of Italy, for two blocks and with Deminex, of West Germany, for one block.

The first spudding was carried out in one of the Bow Valley blocks by the semi-submersible drilling rig, Dan Queen, which flies the Danish flag.

All three companies are obliged to complete a well by the end of March. Normally that would be no problem and the equipment, men and money are at hand.

But Vietnam's offshore drilling effort would present an attractive target for a China anxious to punish the Vietnamese in a limited but effective way. It might not need a direct attack on the rigs to stop exploration. Even a limited naval conflict could create a *force majeure* situation sufficient to cause the foreign contractors to stop work without violating their contracts.

Moreover, Shell announced last month that exploration on the blocks currently held by Agip and Deminex would amount to "expropriation of our interests without compensation." Shell Incorporated of the U.S. was granted the same blocks by the former regime in Saigon.

In 1974, Shell discovered oil after only eight days of drilling, with a reported flow of 2,200 barrels a day. Mobil Oil of the U.S. made a similar discovery, which it says was probably commercial, although it does not intend to return to Vietnam.

Marathon and Union Texas also operated concessions granted by the old South Vietnamese regime. They have said they might be willing to return if the U.S. embargo were lifted.

But, given the situation on the Sino-Vietnam border and the proliferation of disputes over the South China Sea, there is unlikely to be a mad scramble for contracts.

Japan caution on invasion

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN appears to have missed an important opportunity to demonstrate its impartiality in the Sino-Soviet conflict by failing to condemn China's invasion of Vietnam in a statement issued by Mr. Sunao Sonoda, its Foreign Minister.

The statement, released the day after Chinese troops entered Vietnam, calls for a "swift and peaceful settlement" of the affair but fails to suggest that responsibility for the incursion lies with the Chinese.

It goes on to state that Japan has made frequent requests to both China and Vietnam to settle their differences in recent months, but does not say that China should start the ball rolling by withdrawing its troops from Vietnam.

The day after Mr. Sonoda's written statement was released by the Foreign Ministry, the Minister himself claimed in the Diet that Japan had "strongly condemned" Chinese incursion into Vietnam. But he retracted this at a Press conference later in the day.

Meanwhile, Japan's ambassador in Peking was instructed to convey to the Chinese Foreign Ministry a call for Chinese military withdrawal worded in terms which were slightly more emphatic than those in the original Sonoda statement.

Brazil cancels Parana dam accords

BY RIK TURNER IN SAO PAULO

BRAZIL has withdrawn from all agreements it had negotiated with Argentina on the world's largest hydroelectric scheme, the $8.8bn Itaipu dam on the Parana river.

Brazil made its decision after receiving an Argentinian proposal that the height of Argentina's Corpus dam, further upstream, should be raised by five metres.

Paraguay, which is participating with Brazil on the Itaipu dam, and with Argentina at Corpus, was immediately informed of Brazil's action, which puts negotiations back to the position of two years ago.

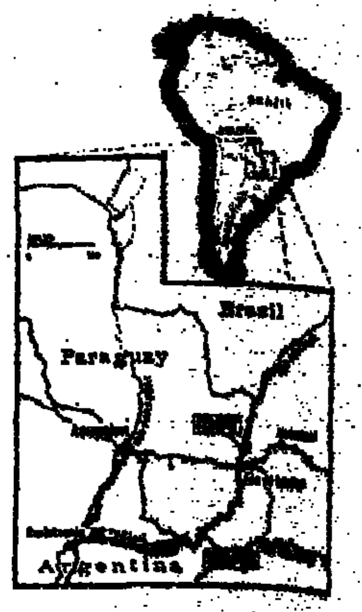
Argentina put forward several proposals on January 30, based on the Rio de Janeiro document which represented the stage of the negotiations last September.

Argentina was seeking to incorporate some new elements which came out of the Punta del Este talks in December and added two new clauses. The first recognised Brazil's undertaking to use only 18 of its 20 turbines at Itaipu, a commitment it had already made to Paraguay. The second was that, since Brazil was to have two reserve turbines, Argentina proposed, as compensation, that it should have the right to a reserve height of five more metres at Corpus.

The water level at Corpus will directly affect the Brazilian dam's output. Its normal height of 95 metres would mean an output of 12,600 MW at Itaipu, and Brazil had already agreed to a 10-metre increase, to a level of 105 metres, accepting a drop in Itaipu's output of 880MW, and benefiting Argentina by an increase of 1,746 MW at Corpus.

The proposed five-metre reserve height, to be used at times of exceptionally high water in the Parana, would mean a further drop in Itaipu's potential of 1,370 MW, which Brazil considered unacceptable.

Another point in Argentina's proposals which contributed to Brazil's withdrawal from the negotiated agreements, was its stipulation that the filling of the Itaipu reservoir, scheduled for 1982, should be done only in August, September or October, for a maximum of 20 days. Brazil said this was impossible, since that is the dry season.



Lockheed's final chapter

By John Wyles in New York

THE LOCKHEED Corporation has provided the U.S. Securities and Exchange Commission with hitherto unpublished details of improper payments in more than a dozen countries.

These disclosures apparently represent the final chapter in the saga of improper or illegal payments by Lockheed.

The commission is believed to have agreed not to disclose the identities of individual recipients of payments from Lockheed and more than 400 other U.S. companies which have filed information on foreign payments in the last few years.

Lockheed gave the commission details in May 1977, identifying foreign individuals who had received cash from a $38m fund. The company argued that publishing names would jeopardise existing contracts and injure prospects for future sales.

After further discussions, Lockheed has now sent the commission a 16-page summary of its foreign payments which show that the company had also been dispensing money up to 1975 in Taiwan, Malaysia, Mexico, Morocco, Kuwait, Argentina, Columbia, Peru and Venezuela.

The details include acknowledgment of a payment of $1m in "consulting fees" to two Spanish air force officers and $2m to a Lichtenstein corporation whose main beneficiary was a senior military officer in Saudi Arabia.

Government officials and executives of Gulf Aviation Company, owned by four Gulf states, are said to have received $3.7m in pursuit of sales totalling $122m over five years.

Canada budget increase of 8.9%

BY VICTOR MACKIE IN OTTAWA

CANADIAN GOVERNMENT spending in fiscal 1979-80 is to rise by C$4.1bn (£1.7bn), an increase of 8.9 per cent. This brings the Federal Government's budget estimate for the coming year to C$52.6bn.

Mr. Judd Buchanan, the Treasury Board's president, released the figures when he tabled the expenditure estimates in the House of Commons.

Officials estimate that about 16 cents of every C$1 to be spent by Ottawa has been earmarked to pay off interest and service charges on the rising national debt.

With its options limited by the rising cost of the debt, by inflation and by indexed social programmes, Ottawa will meet its spending guidelines largely by postponement of building projects, reducing aid to home-buyers, and cutting payments to some Crown corporations.

Thirty eight federal departments, agencies and commissions will receive less than in the previous year. While 51 federal agencies will increase spending, federal departments on balance, will have C$733m less to spend than in the current year.

The largest single cut will be in the public works department. Its budget is reduced by C$141m. About C$100m of the cut is accounted for by postponement of building improvements and construction.

Defence department spending will climb to C$247m. The Government promised major recruiting and equipment programmes in the mid-1970s, after critics said the forces had been allowed to decay.

Foreign aid will be increased slightly, to C$1.21bn from C$1.11bn last year.

The Government has cut C$72m from Atomic Energy of Canada Ltd. because of the mothballing of the heavy water plant at Trois-Rivieres. Mr. Buchanan's department described this as "subject to negotiation,"—a reference to the Quebec Government's strong opposition to the construction of the plant.

Spending on the encouragement of bilingualism is also cut. The cost of programmes is down to C$349.3m, from C$[illegible]. The Government planned last year to give language projects a major boost but the plans have been cancelled.

Miller warning on recession

BY STEWART FLEMING IN NEW YORK

FURTHER acceleration of inflation or severe shortages of critical commodities such as oil would imperil the goal of slowing the U.S. economy without prompting a recession, Mr. William Miller, the Federal Reserve chairman, warned yesterday.

In evidence to a Congressional committee, Mr. Miller also disclosed stricter targets for the growth of the U.S. money supply between the fourth quarter of 1978 and fourth quarter 1979.

The narrow M1 measure of the money supply is expected to grow by between 1.5-4.5 per cent over this period, M2 by 5-8 per cent, and M3 by 6-9 per cent.

These forecasts are slightly below the ranges set by the Fed in its previous public pronouncement in November.

The economic as distinct from the symbolic significance of the changes is now hard to estimate. The Fed has been under persistent pressure to curb monetary growth on the grounds that this will help restrain inflation.

Carter team says energy consumption can be cut

WASHINGTON — The President's Council of Environmental Quality has said that the U.S. can maintain healthy economic growth, and at the same time cut annual increases in energy consumption almost to zero.

The Council's report contradicted most traditional predictions of U.S. energy needs. "Revised and more realistic estimates now indicate that with a moderate effort to improve energy productivity, our energy consumption in the year 2000 need not exceed current use by more than about 25 per cent," it said. "With a determined effort it need not increase by more than about 10-15 per cent."

Forecasts have generally called for the doubling of U.S. energy consumption by the end of the century. The traditional view is based on simple projections of past trends, requiring 3-4 per cent growth in energy consumption each year to achieve a similar level of growth in the nation's economy.

But the Council, citing a number of other recent studies to support its argument, said that similar levels of economic growth could be obtained with increases in energy consumption as low as 0.5 per cent a year, if the nation made a real effort to practice conservation.

With a maximum conservation effort — which is thought too extreme to be politically acceptable—the U.S. could consume 19 per cent less energy in the year 2010 than it did in 1977, while doubling the Gross National Product, the Council said.

AP-DJ

U.S. Steel to increase prices

By Our New York Correspondent

ANOTHER GENERAL increase in steel prices is expected to follow the decision by United States Steel, the country's largest producer, to raise prices by 4 to 6 per cent on selected products.

U.S. Steel said that the increases will be on products which are primarily sold to industrial customers such as rods, wire, railroad wheels and axles, tin mill products and standard and line pipe.

The products covered account for about one-quarter of the company's total steel output and the increases, when averaged across the whole product line, amount to an increase of only 1.5 per cent.

East Coast thaw hope

Surprised by a fast-moving snow storm, the eastern United States yesterday awaited an equally sudden thaw which was expected to end the weeks of cold weather, AP reports from Washington. The storm, which approached blizzard conditions in some places, raged from Virginia to Connecticut

CAMP DAVID 2

Bid to break the Mideast impasse

By David Lennon in Tel Aviv

THE MIDDLE EAST peace talks which get under way at Camp David today are regarded in Israel as the crucial test of whether there is any hope of breaking the impasse in the negotiations with Egypt.

Five months ago the leaders of Egypt, Israel and the U.S. emerged from the presidential retreat in Maryland wreathed in smiles, and announced that peace was at hand. Today it is a grimmer gathering, as senior ministers of the three countries try to find again that flexibility which made the original Camp David summit such a triumph.

Two months of talks following Camp David produced a draft peace treaty but no peace agreements as both Israel and Egypt began to pick holes in the terms worked out by their ministers. Both Mr. Cyrus Vance, the U.S. Secretary of State, and Mr. Alfred Atherton, his special envoy to the Middle East, failed to overcome the lingering objec- U.S. mediation efforts only contions.

Both countries have already made their major concessions. Egypt has agreed to recognise Israel and live in peace with it, while Israel has agreed to withdraw from the occupied Sinai and dismantle the Jewish settlement there.

But despite this, the conclusion of a peace agreement has been held up by quibbling over some of the lesser details. Both countries have explained their inability to sign the agreement by stressing in public how important these minor points are. Thus they have created new bastions of principle from which they are going to find it hard to retreat.

Mr. Moshe Dayan, the Israeli Foreign Minister, has said that it was up to the U.S. to find ways of bridging the remaining gaps between the positions of the two Middle Eastern states.

Mr. Dayan sees the new round of talks being divided into three stages. The first, which gets under way today, will be a preparatory stage at which the Americans are expected to put forward a package of compromise proposals to deal with all the remaining issues.

Mr. Moshe Dayan

The Israeli and Egyptian teams will briefly explore each other's reactions to the new ideas. Then they will return home to report on the results of these probings.

If the ministers are convinced that there is room for negotiations, and can persuade their colleagues in their respective capitals that it is worth continuing, then they will return to Washington, probably with enlarged delegations.

At that stage the real negotiations will begin, with the aim of agreeing on the formulae which will then make it possible to bring Mr. Sadat, Mr. Carter and Mr. Begin back to a summit at which a peace treaty would be concluded, and probably signed.

But given the stop-start record of the peace process since initiated by President Sadat's visit to Jerusalem in November 1977, few people in Israel believe that the process will be smooth.

The key issue remains the degree to which the bilateral pact will be linked to the implementation of self-rule for the Palestinians living in the occupied West Bank and Gaza Strip. Other issues of concern to Israel are the priority of the bilateral pact over Egypt's mutual defence agreements with other Arab states, the future supply of Sinai oil to Israel, and U.S. funding for the redeployment of Israeli troops withdrawn from Sinai.

By Roger Matthews in Cairo

IT IS INDICATIVE of the present mood in the Middle East that neither Egypt nor Israel has expressed any optimism about the latest round of peace talks.

President Anwar Sadat went so far as to issue public instructions to Mr. Mustafa Khalil, the Prime Minister, at the weekend that he must not make any concessions, while the apparent disarray in the Israeli Cabinet has ensured that Mr. Moshe Dayan, the Israeli Foreign Minister will have constantly to report back and seek further instructions. Even the role of Mr. Cyrus Vance, the U.S. Secretary of State is weakened by his own lack of success in the peace process during the past 15 months and by President Carter's recently expressed willingness to hold another tripartite summit if the present negotiations fail.

The choice of Camp David as the venue for this fresh round of talks may evoke the "success" of the September summit but also serves as a reminder that only when Mr. Carter, Mr. Sadat and Mr. Menahem Begin the Israeli Prime Minister, were together did the political will to find a solution temporarily overcome deep-seated suspicions.

The fact that those suspicions were resurrected by the subsequent interpretations that were placed on the Camp David accords, essentially by Mr. Begin, means that Mr. Carter's task next time round will be more hazardous and that the present negotiators can at best only try to prevent a further deterioration while attempting to remove relatively minor technical difficulties.

However, the pace of events in the Middle East, especially the vigorous upsurge of militant Islamic sentiment in Iran and the reconciliation between Syria and Iraq, has made the gulf between Egypt and Israel even more difficult to bridge. Mr. Sadat can have, as he admits, his bilateral deal with Israel whenever he chooses, but it would take a totally unpredictable change of policy by

Mr. Mustafa Khalil

the Begin Government for the Egyptian leader to find the Arab partners he needs for there to be any prospect of a comprehensive settlement.

All Arab countries and the Palestinians have rejected the Camp David accords as a basis for a Middle East settlement. Nothing has happened since the Baghdad summit in November to make them moderate their views. On the contrary, the change of regime in Tehran had given a major boost to the aspirations of the more radical Arab forces, and threatens further to isolate President Sadat in the region.

Against such a background the U.S. and the Egyptians will again this week be trying to persuade Israel that the signing of a peace treaty must be linked to progress on establishing a Palestinian authority on the occupied West Bank and Gaza.

Meanwhile many more hours can be spent in the coming days arguing about Article 4 of the draft treaty which Egypt wishes to amend so that a review of security arrangements in Sinai is mandatory after five years. Discussion too will centre on Article 6 which defines Egypt's related obligations to its Arab colleagues and to Israel, and on Israel's renewed demands for a firm Egyptian commitments on oil supplies once the Sinai fields are returned to Egyptian control.

INDUSTRY AND BUREAUCRACY

Snowed under in a paper blizzard

BY MARALYN EDID IN CHICAGO

ANOTHER American bureaucracy swung into action this month, as more than 1,000 U.S. corporations officially informed the federal Government how they will meet the voluntary wage and price guidelines suggested by President Jimmy Carter, last autumn.

Already, 143 economists, accountants and clerks fill the Office of Price Monitoring and the Office of Pay Monitoring at the Council on Wage and Price Stability (COWPS) in Washington. The Council says it is seeking authorisation to increase its staff by 90 in order to ferret out violators of the suggested 7 per cent maximum wage increase and 9.5 per cent price rise ceiling.

The punishment for non-compliance is public listing and possible loss of Government contracts. President Carter has asked for cooperation from companies with annual sales exceeding $250m.

Many corporate executives assigned the task of interpreting the regulations and compiling the data are aggravated. Not only are the guidelines unclear, they complain, but the paper work associated with the research and documentation adds to the blizzard created by the plethora of Government regulations over such matters as job-related health and safety standards, pension and retirement plans, and hiring of minority and women workers.

Sears Roebuck recently expressed dissatisfaction with the state of regulatory affairs by filing a suit against ten federal agencies, charging that the morass of anti-discrimination laws made it difficult for the giant retailer and other corporations to comply.

(Sears also claimed that the Government itself moulded a workforce in which women and minority members are less skilled than their white made counterparts who benefit from Government-sponsored military, job training, and education programmes.)

Explained Sear's director of equal oportunity: "It (the suit) was the culmination of a whole series of frustrations, leading to feelings that we were unable to audit our equal employment performance because of the conflicting regulations coming from the Government."

Sears is not alone. Company executives who administer the compliance efforts say that matching the given definition and examples to their particular cases still leaves confusing margins of latitude.

For instance, the guidelines allow a company to define the number of employees falling under the 7 per cent wage standard in two ways and then choose the method that best suits its particular situation. So one Chicago-based company is doing the entire range of calculations before finalising its approach.

Businessmen are particularly annoyed by the latest bureaucrats charge on their time: the information they are required to gather to help reinforce President Jimmy Carter's wage and price guidelines.

paper: shuffling routine note that their work produces no tangible result, be it added profit or less inflation. And they seem particularly annoyed by the new wage and price guidelines.

The voluntary guidelines state that pay increases, including the value of most fringe benefits, should not exceed 7 per cent for employees as a group and price increases should be kept at least 0.05 per cent below the average rate of increase during 1976-77, with a first of 9.5 per cent.

For the time being, there are no special forms for companies to fill out and several thousand fewer bureaucrats to contend with than during the period of wage and price controls inaugurated by President Richard Nixon in 1971. Nevertheless, executives seem exasperated by the current regulations' lack of clarity and the hours of staff time needed to compile an array of statistics not readily available.

Although COWPS published a detailed explanation of the guidelines, a series of questions and answers and a "how to comply" primer, corporate officers overseeing the com-

Then there are the additional research costs of gathering requested data which does not correlate with a company's record-keeping methods. Because Horton Norwich is self-insured, to meet the standards, it is calculating the costs of providing insurance benefits by groups of employees while its traditional cost computations are organised by location.

To meet these requirements, many companies have assigned the job to top corporate staff, assistants and field managers.

Consolidated Foods, a $2.5bn conglomerate with 40 subsidiaries, set up a five-person task force to oversee compliance efforts. Masonite, a $529 hardboard producer, said some managers may be spending up to 20 per cent of their time on the necessary research.

Most companies have not counted the manhours already devoted to the guideline programme or estimated the future workload of monitoring their compliance. "There's just no way to put a cost on it," commented one Chicago executive, who added he spent an entire day on the telephone trying to sort out the regulations with colleagues at the company's subsidiaries.

Although corporate leaders are grumbling about the exasperating work and express doubts about the end result, most affected companies indicated their willingness to comply with the guidelines. A COWPS spokesman said the intent was not to make the reporting onerous.

When the Council last week published a list of the 207 companies that have pledged their co-operation, several firms not mentioned publicly declared they had in fact informed the Council of their honourable intentions.

WORLD TRADE NEWS

German exports buoyant despite strong D-mark

BY JONATHAN CARR IN BONN

WEST GERMAN export prospects in 1979 appear good — despite the rise in the value of the D-mark and the fall in deliveries to OPEC states, particularly Iran.

In its latest monthly report, the Bundesbank notes that export orders in the last quarter of 1978, seasonally adjusted, were higher by 5 per cent in value and 3 per cent in volume terms than in the same period of 1977.

A key reason was the strong rise in foreign demand for West German capital goods—notably from the shipbuilding, mechanical engineering and electrical engineering sectors.

The Bundesbank notes that demand for manufactured goods has been growing among West Germany's main European customers. At the same time — and contrary to many fears — there has been no fall in demand from the U.S. and Japan. This point is underlined by detailed trade figures for 1978 during which West Germany achieved a trade surplus of DM 40.7bn.

The figures, just released by the Federal Statistical Office, show an increase of 6 per cent both in exports to and imports from the eight other EEC countries — which account for about half West German trade. The German trade surplus with these countries alone totalled DM 10.6bn.

Despite the dollar's fall, West German exports to the U.S. and Canada together last year rose by a buoyant 9 per cent to DM 22.3bn, while imports from them virtually stagnated at DM 19.4bn.

Reasons given by the Bundesbank for the continuing competitiveness of West German exports are good quality, firm delivery dates and the low domestic inflation rate.

It is noted that last month the D-mark had revalued in nominal terms against the currencies of Germany's main trade partners by 8 per cent since January 1978. However, the "real revaluation" rate—allowing for the faster increases in industrial producer prices abroad — was only 2 to 3 per cent.

UK wins Thailand airport consultancy

By Michael Cassell

THE CONSULTANCY contract for the £50m improvement scheme at Bangkok's Don Muang international airport is to be awarded to a team led by Sir Frederick Snow International of London.

The Prime Minister of Thailand, General Kriangsak Chomanand, announced on Bangkok radio that his Government had decided to award the consultancy contract for the project to the UK. Apart from Sir Frederick Snow, the team includes E. P. D. Consultants, a subsidiary of BICC, the British Airports Authority, the Civil Aviation Authority and local consultants based in Bangkok. Yorke, Rosenberg and Mardel International are the architects.

The contract, which is yet to be signed and which will be the subject of talks in Bangkok over the next few weeks, has been won after an 18-month campaign by the UK team. International competition came from Dutch, German, French, Japanese and several American consultants—all known internationally for airport planning and design work.

GATT TALKS

Domestic lobbies tie Japan's hands

BY BRIJ KHINDARIA IN GENEVA

JAPAN IS warily watching developments towards accord in the Tokyo Round trade talks between the U.S. and the Common Market, and could yet be the nation that throws the spanner in the works at the last minute.

The Japanese appear to have manoeuvred themselves into an uncomfortable corner in the trade talks through a combination of pressures from politically important domestic lobby groups and a gap in communication with the West which is becoming increasingly difficult to overcome.

The Japanese Government is clearly under severe pressure from its small and medium-scale farmers and the processed foods industry as well as certain sectors of the textile, shipbuilding, and chemical products industries, and its paper mills.

These are precisely the sectors in which the Common Market, for example, must obtain significant tariff concessions and reductions in non-tariff barriers to trade to win a larger share of the Japanese market.

Japanese sources here readily admit that the Common Market is right in trying to sell more to Japan to erode some of Japan's huge trade surplus with the Community. But they say that the troubled industrial sectors in the Community seeking greater access to the Japanese market are precisely those that are also ailing in Japan.

The problem for Japan is that important regions and large groups of people often depend for their livelihood on a single set of products, such as processed foods. Competition from foreign products would run these often already disadvantaged regions into the ground.

On major industries, such as cars, electronics and speciality steels, the problems between the community and Japan are clear cut and can be solved without unduly forcing anyone's hands. But the generally less efficient small and medium-size enterprises raise problems that can have impact on the political fortunes of Parliamentarians and the Government itself, thus leaving little room for manoeuvre.

Japanese sources discount reports from Brussels that the gaps between Japan and the Community are so wide that there might not be any overall accord in the industrial tariff-cuts negotiations. They claim that Japan has offered an across-the-board cut of 50 per cent in its talks with Community, and only about 20 to 27 sensitive products out of several thousand are holding up accord.

British call for easier EEC import curbs

By Lorne Barling

THE BRITISH Importers Federation has made a new plea for the European Community to adopt a more liberal imports policy, particularly in relation to practical problems being experienced as a result of import controls.

At a tripartite meeting in London, Mr. Harry Cave, senior vice-president of the BIC, pointed out that imports policy ultimately has a direct bearing on exports.

The meeting, attended by representatives of the EEC, the Departments of Trade and Industry, and the BIC, covered a number of problems faced by British importers, particularly regarding textiles and other sensitive imports.

Mr. Cave said that the Multi Fibre Arrangement in its renewed form, with its "enormous restrictions" on the import of goods, would be detrimental to the EEC as a whole in expanding its trade.

The generalised system of preferences was also criticised on the grounds that it created an uneven flow of imports

Lisnave bids for repair work on Andros Patria

BY JIMMY BURNS IN LISBON

LISNAVE, Portugal's ship repairing company which accounts for some 5 per cent of the country's total export earnings, is hoping to win a major order shortly to repair the Greek super tanker, Andros Patria, owned by Seas Transportation Corporation of Piræus.

Lisnave technicians assessing the cost of repairs to an estimated 1,000-tonnes of steel in the tanker's damaged hull, believe that the work could be worth something in the region of $5m.

Lisnave is attaching considerable importance to such a prospect given the company's financial present difficulties which are currently reaching a seasonal low point.

The tanker, crippled by a series of explosions off the Spanish coast last January, was towed into Lisbon harbour by two Dutch tugs earlier this week, after the Portuguese Government had been assured that there was no longer any risk of pollution.

An estimated 167,000-tonnes of Iranian crude was still inside the tanker following the explosions but much has been off-loaded on to tankers owned by British Petroleum.

French-Soviet insecticide contract

BY DAVID SATTER IN MOSCOW

THE FRENCH firm Speichim has been awarded a contract valued at FFr 440m (£55m) for the supply of equipment for an insecticide factory in Navoi in Soviet central Asia.

The contract will be 80 per cent financed under the Franco-Soviet export credit line with 20 per cent in cash. It was awarded by the Techmashimport Soviet Foreign Trade Organisation.

The factory will be based on a process developed by Rhone Poulenc for the production of Fozalon insecticide. Fozalon is a pest killer used in protecting cotton. It will replace DDT in the Soviet Union's central Asian cotton fields.

Ariane rocket deal signed

By Michael Donne, Aerospace Correspondent

THE EUROPEAN Space Agency has signed with Intelsat, the international telecommunications satellite organisation, a $25.29m (over £12m) contract for the provision of one Ariane rocket to launch an Intersat V satellite from April, 1981, with the option for a second Ariane launch later to cost $27.46m.

The Intelsat programme provides for the development and launch of a series of seven satellites, the first four of which are due to be launched by the U.S. Atlas-Centaur launcher between mid-1979 and end-1980.

Devaluation headache for Japanese investors in Indonesia

BY RICHARD C. HANSON IN TOKYO

SINCE THE late 1960s Japanese businessmen have made Indonesia the second most important target for their investment overseas, surpassed only by the U.S. Japanese interests now represent about 35 per cent of all Indonesia's foreign investment. It is not surprising therefore that Japan's business community was very upset when faced with losses (on paper at least) of more than $2bn after the Indonesian Government suddenly devalued its currency by 50 per cent on November 15 last year.

The devaluation means that Japanese enterprises in Indonesia need 33 per cent more rupiahs to pay back a given amount of yen or dollar debt than was the case before devaluation. Since nearly all Japanese companies in Indonesia rely on foreign currency financing (rather than on scarce and costly local finance) it has been a serious blow to the entire Japanese business community.

Japanese companies whose assets (as well as their liabilities) are denominated in foreign currencies stand to lose even more since rupiah devaluation has produced an automatic increase in the local currency base on which they have to pay taxes.

The official response of the Japanese business community amounts to an ultimatum demanding measures which will allow the Japanese ventures in Indonesia to recoup their losses. The Federation of Economic Organisations in Japan (Keidanren), sent a strongly worded statement in January to all the top economic ministers in Indonesia.

> The official response of the Japanese business community amounts to an ultimatum demanding measures which will allow Japanese ventures in Indonesia to recoup their losses.

The statement asks Indonesia to back down on its rigid pricing policies to allow prices to be adjusted to the higher costs resulting from devaluation; to introduce measures allowing a tax-free revaluation of assets and to offset exchange losses; to loosen local credit for foreigners; to take steps to promote exports; and to generally improve the "investment climate in Indonesia."

The message states that the "healthy development" of Japanese business in Indonesia would be jeopardised if measures are not taken. Because of the heavy losses "Japanese entrepreneurs entertain great apprehensions when it concerns future Japanese investment in Indonesia." It goes on to note pointedly that foreign investment is expected to play a significent role in Indonesia's third five-year development plan which starts this year.

The statement's tone of suppressed fury reflects a feeling among Japanese businessmen here that they have been "trapped" by the economic wizards who decided on the surprise devaluation. They are perhaps justified in believing that the Indonesian Government does not regard protection of Japanese interests as a priority

There was, in fact, little reason to believe that Indonesia was ready to devalue so sharply. The country is enjoying a period of economic and political calm, with good rice harvests and healthy foreign reserves. The Japanese enterprises had unwisely depended almost entirely on yen and dollar financing of their operations which largely revolve around importing materials to be produced for local consumption. Japan is dominant in light manufacturing of consumer goods, textiles, chemicals, cars and even downstream steel products. The Americans and Europeans, who dominate the business of exploiting Indonesia's immense mineral wealth, had chosen better mixes of local rupiah funding and have not suffered as much.

Japanese investment in Indonesia is put at between $2.4bn and $3bn. If loans are included bankers estimate the total Japanese involvement at between $5bn and $6bn. The joint ventures in Indonesia had already suffered from the yen's appreciation against the dollar which made it more expensive to import equipment from Japan and pay for it in devalued dollars. The lack of local currency funding is partly because the Japanese are accustomed to funding in dollars, and partly because of the high cost of local funding. In an effort to hold down inflation, the Government controls lending very tightly with the prime interest rate for the industrial sector at around 18 per cent per annum.

The immediate crisis for Japanese business came when the Indonesians adopted a firm policy of not allowing price increases in the wake of devaluation. There was some relaxation of this policy in January, but Toyota Motor, for example, has stopped shipping to Indonesia since the devaluation because it can't raise its prices.

Some Japanese manufacturers appear to be withholding products from the market in order to await higher prices. This is bound to anger the Indonesians, however, who are worried about inflation (expected to be between 15-20 per cent this year compared with around 12 per cent before devaluation).

It should be noted that not all the effects have been negative. The devaluation — as officially intended—has made the prospects for exporting manufactured goods from Indonesia much brighter. The numerous Japanese textile ventures were at first expected to face very serious problems. But the devaluation has eliminated import competition from other cheap textile producing states in Asia and for the first time allowed the actual export of Indonesian textiles. Other Japanese industries may find similar opportunities.

If the Indonesian Government allows Japanese business to make up for its potentially huge losses the present strained relations may improve quickly. While firing off the Keidenren, protest, the Japanese have also taken the precaution of setting up a Japan-Indonesia Economic Committee which will hold its first meeting in Jarkarta in March on mutual problems.

Indonesia does not particularly like to see its production and commerce dominated by foreigners (the Japanese and overseas Chinese, respectively) but will have to rely on countries like Japan to continue investing if it is to develop internally. It cannot therefore afford to ignore the Keidanren protest.

Plans for waste paper 'may require imports'

BY MAX WILKINSON

A WARNING that the UK could become a substantial importer of waste paper as a result of recent Government subsidies was issued yesterday by the *Joint Waste Paper Advisory Council.*

The council, representing paper and board mills, merchants and local authorities, says that collection of waste paper in the UK has not increased during the last six years.

But the Government is now spending £23m in subsidies to stimulate investment by mills in *machinery to make greater use* of home-produced waste.

Mr. David Stansfield, chairman of the Joint Waste Paper Advisory Council, said that the investment scheme, for which applications closed at the end of June 1978, would add about 500,000 tonnes to the paper and board industry's waste paper utilisation capacity. Unless home supplies were forthcoming, this gap would have to be filled by imports of waste paper or finished good, "which would be against the interests of the nation as a whole."

Some form of Government assistance was therefore needed to stimulate collection of waste paper. This was particularly urgent since local authorities would continue to have discretionary powers over collecting waste paper.

Mr. Stansfield said that 1978 was a disappointing year for waste paper collection. Last year's consumption, at 2.08m tonnes, was only 0.4 per cent up on the previous year.

"No real growth has been evident for the last six years, with 1973 being the previous highest year at 2.12m tonnes."

Mill stocks had remained high. At 260,000 tonnes, they had reached a practical limit. As a result mills would buy only as much waste paper as they could use. The fall in volume and prices in turn put severe *pressure on merchants and* waste paper collectors.

Local authorities, which had been generally accepted as having a continuing important role in the collection scene once recovery came, had been under similar pressure.

Waste paper prices on the Continent last year were sometimes only half those prevailing in the UK. This contributed to the inflow of low-priced paper and board

Average family 'needed 14½% rise' to keep standards

FINANCIAL TIMES REPORTER

A FAMILY with a small semi-detached house and a £12,000 mortgage would have needed an 18 per cent rise in income last year to maintain its standard of *living. This type of family has* been hardest hit by rising prices and taxation, says a survey out today.

A family with a council house would have suffered least says the analysis of eight categories of family, produced by Reward Regional Surveys. It would have neded a 9.1 per cent income increase to maintain its standard *of living, or an income of £4,143* to buy the same goods and services as a year earlier.

The average for all groups showed that income had to rise by 14½ per cent last year to maintain living standards. The main blows were a 31 per cent rise in housing costs because of higher mortgage repayments; a 26 per cent rise in house prices; and a 28 per cent increase in national insurance contributions.

Although there had been some bright periods last year, as in early-1975, the pendulum had swung back to "doom and gloom" and would stay there until the Government made significant tax cuts.

While prices had risen 4 per *cent in the last four months,* a person on average earnings, receiving enough extra gross pay to cover the rises, had to meet an 8¼ per cent increase in taxes, more than double the prices figure. Over the year, the same person would have paid a 23 per cent increase in national insurance

The survey comments: "In the coming year, a 'no change' Budget would rapidly raise the deductions for the average earner to 25 per cent and over. Tax cuts have therefore got to overcome this effect."

The Chancellor, it says, should increase allowances by 9 per cent; reduce the standard rate to 30 per cent; remove the 83 and 75 per cent bands; and *raise mortgage interest limit to* £50,000.

UK Regional Cost of Living Report; Regional Reward Surveys, 1, Mill Street, Stone, Staffs, ST15 8BA; £20.

Tourist authority warns on spending

BY MAURICE SAMUELSON

BRITAIN'S spending on marketing tourist attractions is "dangerously low" and could lead to problems similar to those of some big manufacturing industries, the British Tourist Authority warns today.

In a joint report with the UK's regional tourist bodies, the authority says manufacturers and distributive trades should be more responsive to the impact of 12m high-spending overseas visitors on retail sales.

Apart from London's Oxford Street, there were many other parts of Britain where tourism had compensated for a recession in local demand.

"Over-the-counter sales to foreign visitors of British-made goods are constituting an increasingly significant part of total output, and the fortunes of many a Yorkshire or Lancashire factory now depend on the number of tourists attracted to Britain," the report says.

By 1985, growing tourism could add another 250,000 jobs to the present 1½m in tourism and related industries.

Tourism in Britain — Into the 1980s: The Broad Perspective; British Tourist Authority; 64, St. James's St.; London SW1A 1NF; £1.25.

Malt Scotch whisky output rises by 46.5%

By Our Consumer Affairs Correspondent

MALT SCOTCH whisky increased sharply in popularity last year with production up by 46.5 per cent on the year before compared with an *increase of just over a* quarter for the whisky industry as a whole.

Provisional trade statistics show that the output of malt whisky last year reached 96.7m proof gallons. As a result malt whisky output edged just ahead of that of grain whisky, whose production rose by only 12.5 per cent to 96.4m gallons.

Total Scotch whisky output in 1978 was up by 27.3 per cent to just over 193m gallons.

In the last three months of 1978, however, grain whisky production rose slightly faster than that of malt whisky, though within the trade it is suggested that this position may be reversed when production figures are revised, as is normal, by the Customs and Excise.

The sharp rise in malt whisky output reflects growing consumer demand, although *there is industry concern that* there may be a surplus of malt whisky like that of grain whisky in the late 1960s.

Crown Agents inquiry queries loan facts

BY TERRY OGG

"A VERY wide gap" between two versions of why a subsidiary of Big City Finance made a £250,000 loan from funds provided by the Crown Agents, has drawn comment from a member of the tribunal investigating the Agents' affairs.

Mr. Sidney Davidson, a London solicitor and former managing director of Sterling Industrial Securites, a secondary bank in which the Crown Agents had an equity interest, told the tribunal last week that he borrowed the money from Big City in *February, 1974, "to repay* the debt and interest" to a bank.

Earlier, Mr. Sidney Finley, a non-executive director of Sterling, which controlled the Big City group, had said Mr. Davidson had indicated he wanted to use the funds to pay for his share of a rights issue which Sterling planned to make in June, 1974.

The funds were part of a £750,000 loan made by the Agents to Big City. Mr. Robert aGtehouse, QC, counsel for the tribunal, said that much of the money found its way into the pockets of some directors of Sterling, notably Mr. Davidson, Mr. Finley and Mr. Bernard Wheatley, the Crown Agents' nominee on the Sterling Boardfl

Sir *William Slimmings,* a member of the tribunal, pointed out the "very wide gap" between the two witnesses' versions.

"One is *saying:* 'I want to repay a bank.' The other is saying: 'For a rights issue'."

Mr. Davidson attributed the discrepancy to "a difference of recollections."

He, Mr. Finley and the Crown Agents had equal shares in Sterling and the Crown Agents was a significant lender to the *group. The Fay Report,* which examined the circumstances leading the Agents to request financial assistance from the Government in 1974, said the Agents lost about £10m through involvement with Sterling.

Mr. Davidson and Mr. Finley did not give evidence to the Fay Committee. Mr. Finley at the time faced charges of corruption. The Committee said that Mr. Davidson did "not see fit to either answer our letters or respond to our telephoned messages."

The £250,000 lent to Mr. Davidson was due to be repaid on June 30, 1974. In his evidence last week he said he intended to repay by selling other investments, but the sale did not go through and in June the loan was renewed.

Mr. Peter Scott, QC, for the tribunal, asked Mr. Davidson if "when you reborrowed the money at the end of June, you *knew there was no realistic pros*pect of being able to repay that money in six months' time?"

Mr. Davidson replied: "Yes."

Private sector 'poised for steel upturn'

BY ROY HODSON

PRIVATE sector steelmakers are in a better position than the state-owned British Steel Corporation to take advantage of an improvement in the international steel market, according to a steel industry sector analysis.

The private sector companies are expected to benefit from a rise in steel demand more quickly than British Steel, says the report from Inter Company Comparisons. Several factors are expected to contribute.

Stocks of steel in the British private sector works are being turned over more quickly than in the British Steel works. Reviewing the past three years the report says that private sector steelmakers' stocks were being turned over approximately once every 13 weeks compared with the British Steel average of once every 17 weeks.

Private sector companies all made better use of their assets. *British Steel* was at the bottom of the league of British steelmakers in terms of assets utilisation, generating only £6 of sales annually for every £10 investment in assets. The best private sector companies last year managed to achieve sales comfortably in excess of their asset values.

The 10 most profitable private sector steelmakers in terms of profit margins last year were: Brymbo Steel Works, a sub*sidiary of GKN now* being modernised in a £60m-plus programme (19.2 per cent); Bruntons (Musselburgh) (16.6 per cent); J. B. and S. Lees (14.1 per cent); Bromford Iron and Steel (12.1 per cent); Hemmings (12 per cent); Osborn Steels (10.9 per cent); Parker Foundry (10.9 per cent); Barworth Flockton (10.8 per cent); *Ductile Steels (9.8* per cent) and Firsteel (9.1 per cent).

One of the features common to the most profitable private sector companies is a fairly fast turnover of stocks.

Polytechnic given grant for in-company training

BY RHYS DAVID

MANCHESTER POLYTECHNIC and General Engineering (Radcliffe), the cable-making machinery group, are to link under the Teaching Company scheme being promoted by the Department of Industry.

The scheme aims to bring industry and academic institutions closely together by giving post-graduate students the chance to work on a contract basis within companies. In this way, it is hoped academic departments can learn more about the way industry functions

Manchester Polytechnic will receive a £145,000 grant over *three years from the* Science Research Council and the Department of Industry which will be used to employ a small number of post-graduates as Teaching Company associates.

They will be paid about £5,000 and spend up to three years at General Engineering, becoming involved in all the group's activities including polymer engineering, computer application and the manufacture of cable-making machinery, vacuum plant and control equipment.

General Engineering has annual sales of about £10m, of which more than £6m comes from exports to Western and Eastern Europe, North America, Australia, Africa and the Middle East. The company also has subsidiaries in the U.S., West Germany, *Italy,* and *France,* and these will be visited by the associates as part of international marketing projects.

At the end of their contracts, the associates will be free to move to other companies, but several are expected to be offered executive jobs with General Engineering.

Spencer Gears expansion

SPENCER GEARS is to spend *£2m on building a 20,000 sq ft* factory next to its works in Sulgrave Road, Leicester.

It will also rebuild and enlarge part of the existing factory to provide an extra 14,000 sq ft. The new gear-cutting factory should be ready by the end of this year.

Car prices rise sharply

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE SHARP increase in prices of new cars and commercial vehicles is reflected in Department of Indsutry statistics giving the turnover of the motor trades last year.

The value of new vehicle sales jumped 37 per cent compared with 1977. This was well above the 20.3 per cent increase in car registrations and the 13.8 per cent rise in commercial vehicle registrations.

Used vehicle prices were almost keeping pace and the value of turnover rose 25 per cent in 1978, compared with the previous year.

However, the turnover in the rest of the motor trade business —*taking in sales of petrol, oil,* tyres, spares, accessories and receipts from servicing and repairs—showed a more modest 12 per cent rise last year against 1977.

As a result, turnover of the total motor trades in 1978 was 23 per cent higher than in 1977.

Retired directors to give advice

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE Scottish Development Agency has recruited eight retired businessmen with a total of 200 years' experience of running small companies to give advice to new businesses.

The agency's small business division had more than 250 applicants for the part-time *posts, which involve counselling* in manufacturing, marketing, finance and other areas. The service will be chargeable and is an extension of the full-time advisory help.

Sir William Gray, chairman, said that the small business division had lent £1.6m and estimated that this year it would make more than 10,000 calls on companies.

Vast growth reported by leasing industry

BY TIM DICKSON

HUGE GROWTH in leasing last year was reported by the industry yesterday.

New business handled by members of the Equipment Leasing Association during the year amounted to £1.2bn, a rise of about 80 per cent on the £675m of new assets required in 1977.

However, the association—which represents about four-fifths of total UK leasing, comprising mainly the leasing subsidiaries of banks, merchant banks and finance houses—took on new members during 1978 and therefore estimates the net increase at 67 per cent.

In the same period, UK capital investment is expected to show growth at current prices of nearly 20 per cent.

Leasing has become increasingly popular because of the 100 per cent capital allowances which lessors are able to claim and pass on to their customers.

The biggest growth area during 1978 was motor cars where purchases for lease last year totalled £343m, against £57m in 1977, mostly to commercial fleet operators.

Mr. Tom Clark, the association chairman, pointed out that 1978 was the first full year since the relaxation of hiring controls which had severely restricted leasing cars for business purposes.

The association estimates that leasing accounts for at least 12 per cent of the business car market in the UK.

All sectors where association members are active showed an improvement during 1978. Computer and office equipment assets acquired during the year amounted to £240m (£164m); plant and machinery assets in the same period were worth £250m (£198m); while new ships and aircraft, in some cases reflecting orders placed prior to 1978 came to £158m (£108m).

Growth in the computer and commercial vehicles sectors, said Mr. Clark, reflects increasing interest by small companies.

He added that leasing now acounted for roughly 9 per cent of all capital investment in plant and equipment in the UK, compared with 5.5 per cent in 1977.

Leased assets owned by members of the association at the end of 1978 amounted to £3.4bn (at cost), 43 per cent more than the total at the end of 1977. These figures compare with a mere £516m at the end of 1972.

Looking ahead, Mr. Clark said uncertainties would give rise to some cuts in manufacturing investment this year. On the other hand, leasing companies' existing commitments and current inquiries are such that expenditure on leased assets is likely to be significantly up in real terms in 1979.

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Delay on Stock Exchange computer

BY CHRISTINE MOIR

TALISMAN, the Stock Exchange's new computerised bargain checking system, will not begin on March 26 as planned. The earliest it can be expected is April 9.

Faults in the programme during the trial run could not be put right in time for the main test, to coincide with the opening of the current account last Monday.

It will be at least March 5 before the tests can get underway. The faults are not thought important, but are time-consuming to put right.

The Stock Exchange Council met yesterday to consider members' views on the new tariffs suggested for Talisman.

After the meeting a letter to senior partners of member-firms was drafted.

No details have been announced, but it is thought unlikely that the council will relax its strict accounting policies for writing off Talisman's development costs, the main element in the high charges, at least until the system has been running for some time.

British Rail to be a year late with 150 mph train

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

BRITISH RAIL'S 150 mph advanced passenger train is unlikely to enter regular service until next spring, a year later than planned.

The latest blow to the £25m project has been dealt this week by drivers in the railway's Scottish region, where men are refusing to operate the train on trials as part of industrial action over their pay dispute with British Rail.

The advanced passenger train, widely regarded as a major breakthrough in high-speed railway technology, has been dogged by labour and technical problems throughout its construction at British Rail's engineering workshops in Derby.

Workshop staff have demanded special rates and conditions for the new welding and extrusion processes involved, and staff required to operate evaluation equipment on the prototype have also used the train as a focus for their grievances.

The latest unofficial decision by locomotive drivers to black the train relates to wider industrial issues as well, although ASLEF, the train drivers' union, also caused significant delays to the introduction of the 125mph high speed train over the issue of manning levels for fast trains. Under the existing agreement, two men are required in the cab of any train which exceeds 100 mph.

The advanced passenger train, which has a unique tilting bodyshell arrangement to allow it to corner at higher speeds, was due to enter timetables on a 100mph service in May on the London - Glasgow run. By October, it should have been operating a 125mph service, reducing the journey time from five hours to 4½ hours.

So far, one of the three planned train-sets has been completed and the other two are ready for assembly.

After evaluation in service, British Rail hopes the Government will finance a production run of the electric-powered trains as part of a widespread electrification of the railway network.

The 20 units per year production programme of the high speed train, which is diesel-powered and based on conventional railway technology, has not been affected by the disputes which have held up the advanced passenger train.

Feedstock costs rebound on solvents

By Sue Cameron

ESSOCHEM EUROPE said yesterday that its aliphatic solvents business was being seriously affected by recent "staggering" increases in spot prices for naphtha and other chemical feedstocks.

Although it raised prices of some solvents this year, the rises covered less than half the increase in feedstock costs.

Aliphatic solvents are used chiefly in paint-making, the extraction of edible oils from seeds and nuts, and the manufacture of adhesives, polishes, printing inks and cleaning solvents. They are produced from naphtha, kerosene and gas oil.

Since the beginning of this year spot prices for naphtha have risen from $190 (£95) a tonne to $285 (£142), kerosene from $190 to $320, and gas oil from $180 to $325.

Essochem Europe, which has between a fifth and a quarter of Western Europe's aliphatic solvents market of 2m tonnes a year, has increased some solvents prices by up to $50 a tonne this year. Prices vary greatly, from $350 a tonne to $500, depending on the type of solvent and the country in which it is sold.

Mr. Roger Coppens, Essochem Europe's vice-president for solvents, said that margins on most aliphatic solvents were "only a fraction of the dramatic increases in feedstock costs we have seen over the last few months."

Feedstock represented a much higher proportion of costs for aliphatic solvents than most others.

The rise had been caused by increased demand for petrol, limitations on light crude from the Middle East, a sharp reduction in Russian naphtha exports, and the halting of oil exports from Iran.

Transport users told to shun excessive road haulage rises

TRANSPORT USERS who agree to unreasonable rate increases by road hauliers after the industry's recent 22 per cent wages settlement risk trouble with the Price Commission.

This warning came yesterday from the Freight Transport Association, which said its calculations showed that hauliers' costs would increase by between 7.1 per cent and 9.5 per cent as a result of the settlement.

The higher end of the scale would apply to smaller, box-van vehicles and the lower end to the heaviest articulated lorries.

Other cost increases suffered by hauliers in the last year, which would feed into current rate applications, have worked out at between 4.7 and 9.4 per cent, according to association figures for the year to last December.

The level of haulage charges this year will depend upon individual negotiations, but the association warns its members that acceptance of large increases could result in Price Commission resistance to a company's own price rises.

In a report on road haulage last year, the Commission said that haulage charges should not go up more than the general rate of inflation this year.

Some hauliers are talking of rises in excess of 20 per cent, compared with the top rate of 14.7 per cent suggested by the association's figures.

Accounting plan changed

THE NEW Morpeth inflation accounting proposals are to be rewritten and submitted to the Accounting Standards Committee for further consideration in mid-March.

This is the outcome of last Friday's meeting of the committee, where the revised Morpeth system was considered in detail for the first time. It seems that while there was no strong opposition to publication of the proposals in late April or early May, there was not much enthusiasm either.

Plea to end stamp duty for home buyers

By Michael Cassell

STAMP DUTY on house purchase transactions should be ended, the Building Societies Association has told the Chancellor of the Exchequer.

In pre-budget representations it repeated its view that such a tax on house purchase was inherently undesirable and should be abolished.

The association says that when the present stamp duty threshold of £15,000 was introduced in 1974, only 16 per cent of homes mortgages to societies cost more than that.

By the third quarter of 1978, however, the proportion had risen to 43 per cent and was now, the association believed, nearly half. Because of the effective reduction in the threshold, stamp duty paid by owner-occupiers had tripled since 1974.

The duty is progressive. A 20 per cent increase in house value from one threshold point (£19,000) to another (£23,000) means a 242 per cent rise in stamp duty payable, from £95 to £230.

Stamp duty revenue to the Government has risen from £32m in 1974 to an estimated £95m last year.

The societies have told the Chancellor that the tax is unfair because it is levied on owner-occupiers but not on people in other housing sectors and because its cost is particularly high for people forced to move homes because of employment.

They also emphasise that a typical first-time buyer in Greater London may expect to pay as much as £90 duty although the purchase of an identical house in Yorkshire would attract no duty.

Under the scheme for assisting first-time purchasers, a borrower might expect a Government bonus of up to £110 but be liable for stamp duty of £85.

If the duty could not be abolished, it should be levied at a single rate and the threshold for its imposition should be indexed so that the Government was not able, through inflation, to increase tax rates without specific Parliamentary approval.

To return the threshold to the 1974 level in real terms, the association says, it would have to be raised to £25,000.

Construction orders up sharply last year

BY MICHAEL CASSELL

CONSTRUCTION INDUSTRY orders last year rose sharply over the previous 12 months, according to Government provisional figures.

The Department of the Environment estimates that the industry obtained new work worth £9.04bn at present prices against £7.28bn in the previous 12 months: a rise of 9 per cent in constant (1975) price terms.

Last year represented the most buoyant period for construction since 1972-73, the previous high-output period. Work carried out was worth an estimated 6 per cent more, half repair and improvement rather than new building. This year output may show no growth.

New orders to contractors in December were valued at £630m in constant prices, the Department says, a fall of £108m from the previous month but £44m more than in December, 1977.

The Department says that new contracts for public-sector housing in 1978 were 6 per cent lower than in the previous 12 months. Private housing orders were worth 19 per cent more.

Public works orders over the year as a whole increased by 2 per cent and orders for private industrial contracting work showed a significant improvement, 10 per cent, over 1977.

Private commercial orders to contractors rose even more. The constant price value of new contracts taken on rose by a quarter.

Further growth in output in most main sectors, with the prominent exception of housing, is forecast for this year, although the rate of increase might be only half last year's level.

Housing output in public and private sectors is expected to fall further.

Builders' merchants sales rise by nearly 10%

FINANCIAL TIMES REPORTER

BUILDERS' MERCHANTS' sales of materials rose by just under 10 per cent last year, says the Builders Merchants' Federation.

The federation, which claims to represent 95 per cent of merchants, says that December sales were nearly 2 per cent up on the same period a year earlier, although some regions recorded a decrease in business, notably in the North-East, where sales fell by nearly 16 per cent.

Mr. Reg Williams, director of the federation, said that sales in the year as a whole pulled slightly ahead of the poor 1977 performance to show a "satisfactory improvement."

The brokers Buckmaster and Moore said yesterday in its review of the building materials market that demand for most materials would decline more in the next two years than recent studies had suggested.

Material producers' profit margins improved generally in 1978 as demand picked up and price rises were sanctioned by the Price Commission, but with the prospect of flat to declining sales and more vigorous controls by the Commission, profits would be under "some pressure" in the immediate future.

The "dull prospects ahead" were likely to be compounded by failure of several unquoted small companies.

Royal's car premiums up again

By Eric Short

ABOUT 500,000 motorists insured with Royal Insurance face a second rise in their premiums within a 12-month period.

The company puts up its rates from April 1 by an average of 10 per cent. Most motorists insured with the company will find their rates rising by only 9½ per cent.

But premiums in the highest rated areas, Central London, Central Glasgow and Liverpool, will increase by 12 per cent.

This rise is only six months after the previous re-rating, when premiums were lifted by 7 per cent.

Before that Royal had held its motor premiums steady for 12 months.

Thus motorists renewing policies on or after April 1 will find their premiums affected by two rate revisions.

For example, a 35-year-old motorist living in a large town, driving a Ford Escort and eligible for the maximum no-claims discount on renewing his insurance in April, will find his premium increased from £53 to £62, a rise of 16 per cent.

Motor insurers have found that repair costs have risen so fast and the number of claims has increased so much more than expected that they cannot hold rates steady for a year.

Royal said that this increase was decided before the adverse winter weather. Another rate rise later this year could take place.

Shell plans to sell tyres

SHELL PLANS to establish over the next three years a network of specialist tyre and battery centres throughout the country, if its pilot operations prove successful.

To be known as "Superdrive Tyre and Battery Centres," they will operate battery and "while you wait" tyre replacement services for motorists, and will be located in main shopping and residential areas.

The company said yesterday, each centre will sell a full range of branded tyres at "very competitive" prices, as well as Shell Superlife, and other low-priced brands of batteries.

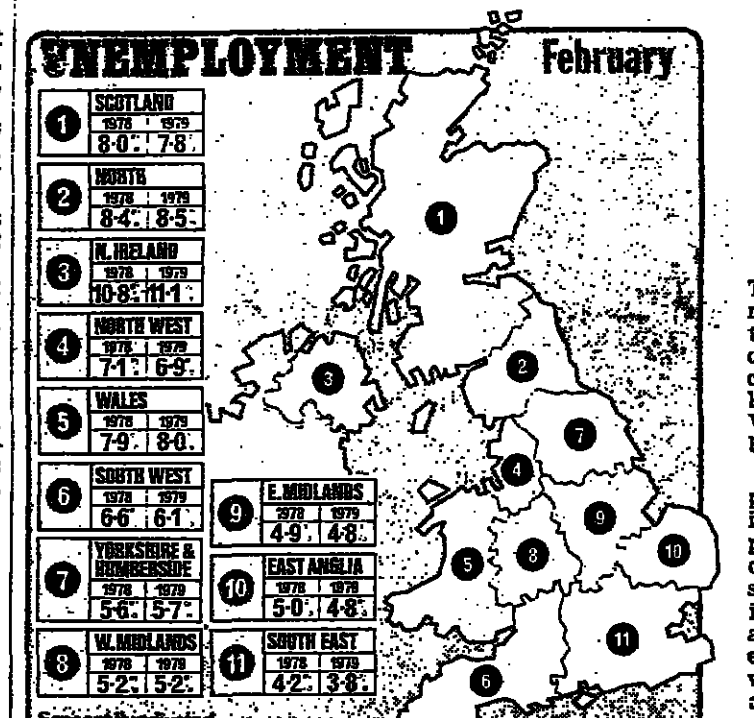
The first centre has already opened in Putney and, over the next few weeks, two more will open at Gravesend, Kent, and Edmonton, North London, followed by several in Scotland.

Mr. John Baker, Shell's tyre marketing manager, said the company had decided not to produce a Shell branded tyre but hoped to capture a significant share of the tyre business which is worth about £300m a year.

Attic flask makes top price in sale

By Antony Thorncroft

ANTIQUITIES sold for a total of £41,862 at Christie's yesterday and silhouettes, miniatures and objects of vertu fetched £39,763. Best prices for the antiquities were £1,400 for an Attic red and black-figure lekythos, decorated with the figure of Athena, of about 470 BC and £1,100 for an Egyptian bronze figure of Isis or Hathor, XXVIth Dynasty. In the objects of vertu a Viennese unglazed porcelain model of a fully rigged 17-gun man-of-war from the early 19th century realised £1,100.



THE RISE in unemployment over the past month has been well above the national average in northern England, Wales and Scotland, writes Peter Riddell.

Although these are all areas where job prospects have been particularly hard hit by the exceptionally severe winter weather, the increase reflects a long-standing trend of widening regional differences in unemployment.

Over the past 12 months, for instance, UK adult unemployment has fallen by 3.3 per cent, but the rate in Northern England has dropped by only 1 per cent with declines of about 2 per cent in both Wales and Scotland and a rise of 3.2 per cent in Northern Ireland. By contrast unemployment has fallen by 9.7 per cent in South-East England.

Jobs threatened by companies squeeze

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE MAIN threat to employment in the UK comes from the prospective finacial squeeze on industrial and commercial companies, according to the latest monetary bulletin from W. Greenwell, the City stockbrokers.

The only way to relieve this pressure and minimise the rise in unemployment is for the public sector to reduce its demand for finance, the bulletin says: "The alternative of relaxing the financial squeeze by allowing the money supply to exceed its present target range would lead to a rise in inflation and, in due course, to an even worse squeeze in real terms and a larger rise in unemployment."

The bulletin notes that the financial part of the expected Government package was brought forward by technical money market influences; but so far no detailed fiscal measures have been announced.

"As far as taxes are concerned there is a case for delaying action

"As far as public expenditure is concerned, action is much more urgent. Public expenditure is planned in advance. If it is to be significantly reduced during a fiscal year action should be taken well before the start of the year. Any delay at this stage can be crucial."

It was by no means certain that the Cabinet would approve cuts in public expenditure and the public sector borrowing requirement. The last time a similar debate occurred was in the autumn of 1976 after the UK sought to borrow from the International Monetary Fund.

"Most of the Cabinet argued then that the cuts in public expenditure and in public sector borrowing proposed by the Fund would make unemployment rise much more rapidly. In the event, unemployment did not do so and within a year had started to fall. The argument was wrong then and is wrong now."

Brokers Kemp-Gee and Co., in their latest circular, point out that the scale of buying of gilt-edged stock in the past few days, with its consequential impact on the February money supply statistics, is probably enough to ensure that the market keeps above its low level of February before the Budget.

Managers call for incentives

By Maurice Samuelson

LOWER personal taxation and a shift to indirect taxation were the only ways to get the country "back to the work ethic," the British Institute of Management told the Chancellor yesterday.

Unveiling its pre-budget proposals, the Institute rejected an overall cut in the amount of revenue. The Government, it said, should continue the trend towards indirect taxation as a way of restoring incentives for skill and responsibility.

The Institute's package, described by Mr. Leslie Tolley, chairman, as neutral and non-political, also urged the indexation of personal allowances and of higher rate thresholds and bands. The value of specific excise duties should be maintained. Basic income tax should be cut from 33 per cent to 30 per cent and top marginal tax rates from 83 per cent to 75 per cent.

Mr. Tolley called for lower public spending, with cuts coming from a more efficient running of public bodies rather than cancellation of capital projects.

If the Government stood firm on cash limits, it would have to find some £1.25bn to finance the tax cuts. This could come from higher value added tax

Higher VAT would increase the cost of living, but Mr. Tolley said this would be offset by the benefits of restoring incentives and differentials.

More than 16% of science budget for Europe projects

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN is contributing £43m a year, over 16 per cent of her science budget, to international research collaboration, nearly all of which is based in Europe.

This is disclosed in the annual report of the Advisory Board for the Research Councils, which advises the Secretary for Science on distribution of the national science vote.

The research councils are expected to spend £260m this year.

Prof. Sir Frederick Stewart, chairman of the board, introducing his report, urges the Government to plan for a period of sustained "real growth" for the science budget.

His board "believes this to be essential for the future prosperity of the country."

The report claims that there are a great many opportunities for scientific developments in areas of potential economic and social benefit.

It cites exploiting of marine resources, other than oil and gas; application of micro-electronics and microprocessors; laser technology, "which could have industrial implications in the 1980s"; and satellites.

Crop yields, it says, would be pushed higher if basic understanding of photosynthesis could be enhanced and applied to development of new strains which used more of the solar energy they receive.

In meteorology, a greater understanding of ocean circulation and complexities of air-sea interaction would help understanding of processes of climatic change.

Growth of the science budget in real terms reached a peak of about 13 per cent in 1966-67, and fell to 4 per cent by 1972-73. In the following year, large parts of the science vote were made the responsibility of individual Government departments under a formula proposed by Lord Rothschild.

The board believes that growth rate should be sustained at not less than 4 per cent a year "in real terms."

Third Report of the Advisory Board for the Research Councils 1976-1978, Command 7467, SO, 70p.

BRITAIN'S OVERSEAS SCIENCE PAYMENTS 1978-79

	£m
European Organisation for Nuclear Research (CERN)	22.81
European Space Agency	8.58
Institut Laue — Langevin	6.74
European Incoherent Scatter Facility	1.36
NATO Scientific Schemes	1.06
European Molecular Biology Laboratory	1.04
Anglo-Australian Telescope	0.69
International Agency for Research on Cancer	0.28
European Molecular Biology Conference	0.21
TOTAL	42.77

● NEWS ANALYSIS — CLYDESIDE

Brave bid to turn the tide

BY RAY PERMAN, SCOTTISH CORRESPONDENT

CLYDEBANK District Council is mounting an exhibition in London next week to try to attract industry and jobs. It is a brave attempt by a local authority with meagre resources to turn back a tide of seemingly relentless industrial disaster.

The council could not have been more unfortunate in its timing. Yesterday's news from Goodyear that it was determined to close its plant—just over the municipal boundary in Glasgow, but a big employer for Clydebank—is only one of a series of bitter blows.

Marathon Shipbuilders is to discuss its problems with the Scottish Secretary today and could close its yard within the next few months; and Singer sewing machines is to shed about 2,000 jobs over the next three years.

Disappear

Altogether, nearly 4,000 jobs in the area could disappear—half of them in the next few months. On top of that, British Shipbuilders' Scotstoun and Yarrow yards, also important local employers, are desperately in need of follow-on orders.

The picture is black, yet it causes no riots in the streets, no higher-than-average number of suicides, no worse than normal bouts of drinking. This once-proud industrial powerhouse has been declining for so long that the inhabitants are immune to bad news.

Shortly after the war, Singer employed 23,000; when it completes its present run-down, the labour force will be little over one-tenth of that number.

John Brown's shipyard, which built the Cunard "Queens," once employed 14,000; John Brown Engineering Gas Turbines, all that is left of the old empire, employs just over 2,000.

Recently, the job loss has been accelerating: 2,000 in the Upper Clyde Shipbuilders collapse (1972), 200 with the closure of Guy Ventilations (1974), 100 in Duncan Low (1975), 150 Exquisite Form (1976), 600 Weir Pumps (1976), 100 Stone Manganese (1976), 70 Colin Hunter (1977), 100 Manlove Tullis (1977), 1,000 John Brown Offshore (1977), 600 Beattie's Biscuits (1977), and 100 Goodyear (1977-78).

Often, the events which led to these closures and lay-offs were completely outside local control. The world decline in shipbuilding orders, the rise of the intensely competitive Far Eastern engineering industries and the disappointing shortfall in work from the North Sea oil industry, have all taken their toll.

But in some cases, there seems also to have been a collapse in local morale. While the term "Clyde built" still implies a pride in the quality of factories like JBE Gas Turbines, Yarrow Shipbuilders or Leyland's Albion Motors, that pride has almost disappeared from any other plants.

Goodyear is a case in point. Abenteeism runs at 10 per cent, nearly twice the rate at the company's main UK plant at Wolverhampton and three times as high as in the Continental factories. Productivity is only 47 per cent of the most efficient West German tyre factory, and the amount of scrap produced is significantly higher.

The company has been spelling out the fragile economic position of the plant for more than a year, giving the workforce quarterly figures and trying to alert them to the dangers posed by the increaseing penetration of imported tyres.

But to no avail. Despite the backing of shop stewards, the management failed to win the agreement of the workforce for a package of measures which could have saved the plant and kept redundancies down to 57.

The main sticking point was the proposal to re-introduce the Friday night shift, reluctantly abandoned by the company after an 11 week strike in 1974.

Neither the inducement of £25 extra on average earnings, nor the threat that without the extra shift overheads could not be reduced to an acceptable level could persuade production workers to give up the best social evening of the week.

Goodyear's style of corporate paternalism — the chairman wrote to each employee as "Dear Goodyearite"—cut no ice with the hard-bitten West of Scotland workforce.

Part of the trouble was that the company paid more for a 36 hour week than many smaller local businesses did for 40 or 48 hours. The men were not interested in working overtime or exceeding their production targets—let alone taking on an extra shift.

But there was also the problem—shared by Singer, which pulled back from its closure threat last month after workers belatedly changed their minds after similar rescue measures—that many of the production workers at Goodyear did not believe the things the company was saying.

Cutting

Every call for increased productivity was seen as a ploy to get more for the same money; every comparison of Scottish manning levels with those in European plants was seen as a threat to jobs; and a proposal to turn the plant over to producing only cross-ply tyres as a means of cutting overheads was seen as a threat to the long-term future of the Drumchapel plant.

"They have treated everything we've said to them as a bluff—an attempt to put one over on them," one manager commented. "There has always been the feeling that in such a huge U.S. multinational there is bound to be money somewhere to keep the plant open.

"They will have to accept now that we were not bluffing—the money has run out."

هكذا من الأصل

AAC

Anglo American Coal Corporation Limited

(Incorporated in the Republic of South Africa)

RESULTS FOR THE YEAR ENDED DECEMBER 31 1978

The following are the audited consolidated results of the company and its subsidiary companies for the year ended December 31 1978 together with the comparative figures for the year ended December 31 1977.

	1978 R000's	1977 R000's
Turnover	308 444	259 191
Profit before taxation	87 580	74 699
Deduct: Taxation — South African Normal	17 479	7 576
— Equalisation	12 881	17 050
	30 360	24 626
Profit after taxation	57 220	50 073
Less: Profit attributable to outside shareholders in subsidiary companies	4 492	2 778
Profit attributable to shareholders of Amcoal	52 728	47 295
Dividends declared:		
No. 110 of 24 cents per share declared August 3 1978	5 638	4 698
No. 111 of 48 cents per share declared February 20 1979	11 276	9 397
	16 914	14 095
Net expenditure on fixed and mining assets	71 611	79 617
Number of shares in issue	23 491 438	23 491 438
Earnings per share (cents)	224.50	201.30
Dividends per share (cents)	72.00	60.00
Dividend cover	3.12	3.36

The annual report will be posted to members on or about March 9 1979.

DIVIDEND NO. 111

Dividend No. 111 of 48 cents per share (1977: 40 cents per share), being the final dividend for the year ended December 31 1978 has been declared payable to members registered in the books of the company at the close of business on March 2 1979. This dividend together with the interim dividend No. 110 of 24 cents per share declared on August 3 1978 makes a total of 72 cents per share (1977: 60 cents per share).

The transfer registers and registers of members will be closed from March 3 to 18 1979, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about April 19 1979. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on April 10 1979 of the rand value of their dividends, less appropriate taxes. Any such shareholders may, however, elect to be paid in South African currency provided that the request is received at the offices of the company's transfer secretaries in Johannesburg or the United Kingdom on or before March 2 1979. The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and also at the offices of the company's transfer secretaries in Johannesburg and the United Kingdom.

By order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per P. J. Eustace
Senior Divisional Secretary

Transfer Secretaries:
Consolidated Share Registrars Limited
62 Marshall Street, Johannesburg 2001
(P.O. Box 61051 Marshalltown 2107)
and
Charter Consolidated Limited,
P.O. Box 102, Charter House
Park Street, Ashford, Kent TN24 8EQ

Registered Office:
44 Main Street
Johannesburg 2001

London Office:
40 Holborn Viaduct
EC1P 1AJ

February 21 1979

UK NEWS — LABOUR

Cut in railmen's hours 'ruinous' says BR

BY PHILIP BASSETT, LABOUR STAFF

BRITISH RAIL said yesterday that union claims for a shorter working week could be "ruinous" for the railways. A 35-hour week would add at least £145m or 12.5 per cent to the industry's pay bill.

Mr. Cliff Rose, British Railways Board member for industrial relations, urged the Railway Staff National Tribunal at a hearing yesterday to reject the claims.

The train drivers' union ASLEF claimed a reduction to 36 hours based on an eight-hour day and the National Union of Railwaymen and the Transport Salaried Staff Association claimed a 35-hour week. ASLEF and NUR members now work a 40-hour week, and TSSA members 38 hours.

Mr. Rose said it was "entirely inappropriate" that the unions should be claiming a reduction in hours separately from their annual pay claim, which some estimates have put at more than 20 per cent. Pay negotiations on the claim resume today.

There was no inevitable trend towards a shorter working week. A reduction in hours would be inflationary, and the argument it would reduce unemployment was challengeable. The last reduction in 1966 from 42 hours to 40 hours for rail workers put costs per head up by 6.7 per cent and did not reduce average hours worked.

A cut to 35 hours for blue-collar workers would increase the hourly rate of pay by 14.29 per cent and increase the number of staff needed to cover the present hours worked by the same figure.

The present £675m pay bill for those grades would be increased by £96.5m per year. Staff would earn no more on average, but staff numbers would increase by 22,000. For salaried staff, a reduction to 35 hours would increase the hourly rate of pay and required staff numbers by 8.58 per cent.

The additional cost on the present £311m pay bill would be £26.7m a year, again with no average pay rises but 5,000 more staff. With extra pension and national insurance of about £22m a year the total bill would be at least £123.5m a year or 12.5 per cent.

● Rail services, particularly in Scotland and the North, were disrupted yesterday by a maintenance workers' strike in support of a claim for pay parity with outside industry. It was the first of a threatened series of monthly stoppages.

Printing threat to union journals

By Nick Garnett, Labour Staff

THE TUC is keeping in close touch with the National Union of Teachers and the National Union of Journalists over a printing dispute which is threatening to disrupt production of the two unions' journals.

The NUT and the NUJ have recently transferred the printing of their journals but local chapels (branches) of a third union, the National Graphical Association, have told the two unions that as a result they are not prepared to print the journals, but so far no reason has been given.

Both journals were produced at the Milton Keynes Web Offset company. That company, however, is partly owned by the Irish Independent Newspaper Group which controls the Stratford Express Group of newspapers, currently in dispute with the NUJ.

Dispute

The NUJ has moved the printing of its journal from Milton Keynes to the Derby Trader company, where it was formally produced, because of the dispute over Stratford Express Group rationalisation plans.

It has also placed pickets outside the Milton Keynes Company. Journalists working for the NUT journal have been refusing to cross these and as a result the last few editions of their paper has been produced with no editorial material.

The NUT then switched the printing of its journal to the Derby Trader. Although material is being set for this week's edition, the union understood yesterday that at the moment its printing would be prevented.

Ambulancemen drop strike plan but action goes on

BY ALAN PIKE, LABOUR CORRESPONDENT

AMBULANCE SERVICE delegates decided yesterday to continue with industrial action but drew back from the threatened total withdrawal of services today.

Representatives of the 55 ambulance services, meeting in London, agreed that action should go on "in a co-ordinated matter in line with the policies of the trade unions."

Official union leaders oppose withdrawal of emergency services. General secretaries of the four unions said that that would damage rather than help their cause.

Mr. Bill Dunn, one of the conveners who had threatened a 24-hour total strike in London and elsewhere said that some stewards had suggested postponing the proposed action for a week to give ambulancemen time to consider a new pay offer.

That should lift the worst of the threat to emergency services, although some stations might act.

The offer to the ambulance crews resembles that to local-authority manual workers: 9 per cent on basic rates and a comparability study that might provide more money in August.

The 200 delegates adopted by about two to one, a resolution welcoming the Government's decision to set up a pay inquiry. They affirmed full support for the trade union claim that pay and conditions in the ambulance service must be improved to recognise the "skills and stress" of the work and to compare it with the other emergency services.

Union officials hope cautiously that, if the local authority manual workers' negotiations, which resume today, succeed, the ambulance dispute will be settled.

The unions want the comparability inquiry for the ambulance service to cover pay, structure and training.

Union leaders hope that they will emerge from to-day's talks with the local-authority employers with an offer that they can recommend to the manual workers.

In addition to the 9 per cent offer and proposals for an inquiry, to-day's talks will cover the scope for a productivity scheme that emerged when union leaders and employers met Ministers on Monday.

● Parents in the London Borough of Haringey have started court action against the council in an attempt to re-open almost 100 schools in the area that have been closed for more than a month in the Council manual workers' strike.

Civil service strike

BY PHILIP BASSETT, LABOUR STAFF

BRITAIN'S two largest civil service unions confirmed yesterday that their one-day strike on Friday would go ahead, in spite of the Government's agreement to negotiate a pay settlement based on the findings of a Pay Research Unit comparability study.

Lord Peart, the Lord Privy Seal, who put the offer to all the unions last week, said yesterday that he deplored the strike and the programme of selective action called by the Civil and Public Services Association and the Society of Civil and Public Services.

The Civil Service Department yesterday confirmed the Government's readiness to implement a PRU-based settlement as a staged deal.

Both unions involved in Friday's strike by 285,000 civil servants, which will affect computer operations, social security payments, Customs and Excise, and other jobs, held executive meetings yesterday to discuss Lord Peart's offer.

Both made it clear that questions of ready money, length of staging, and future civil service pay settlements had to be answered and so the strikes would go ahead.

The CPSA said it would be prepared to suspend its selective strikes for consultation with its members if any "practical proposals" emerged from the Government. The action of the two unions is seen as precipitate by some of the other civil service unions. Mr. William McCall, general secretary of the third-largest union, the Institution of Professional Civil Servants, said: "We consider militant action now will hinder rather than help negotiations."

General secretaries of all the unions representing 600,000 white-collar civil servants met yesterday and decided to continue with negotiations based on the reports of the Pay Research Unit, which unions estimate show rises due averaging 26-36 per cent.

Closed shop sacking case

THE CASE of a 57-year-old council worker sacked after 22 years' service because he refused to join a union will be heard at an industrial tribunal in Norwich today.

Mr. Harold Borrott, a baths attendant, refused to join the National Union of Public Employees when Norwich city council approved a closed shop agreement. He said he believed in the freedom of the individual.

Bishop urges union activity

CHRISTIANS should be prepared to seek union office, the Bishop of Worcester said at the Church of England's general synod in London yesterday.

The Rt. Rev. Robin Woods said the present wave of industrial disputes had dismayed and perplexed many people and hurt many more. He said Christians should attend union meetings and be prepared to seek office.

Union 'not to blame' for closure

AN OFFICIAL of the largest shipbuilding staff union has attacked "a squalid press campaign" to blame his members for the Haverton Hill, Teeside, yard closure.

Mr. Bill Niven, national industrial officer of the Amalgamated Union of Engineering Workers' TASS section, said the yard had only remained open this long because all Confederation of Shipbuilding and Enginering Unions—with TASS in the forefront — "fought against British Shipbuilders' attempts to close the yard at the end of 1978."

"Those people who attempt to link the yard's closure with the recent fight by TASS members at Haverton Hill to prevent proliferation of trade union organisation in British Shipbuilders are either ignorant or dishonest," he said.

Mr. Niven added: "The fact that there is a shortage of skilled technical workers in British Shipbuilders is a result of the consistent refusal of the former private owners to pay adequate salaries and to invest in the necessary training of skilled personnel at any level."

APPOINTMENTS

Hawker Siddeley strengthens board

THE HAWKER SIDDELEY group of companies has appointed Sir Rowland Wright and Mr. Quinton Hazell as non-executive directors. This brings the number of non-executive directors on the Board to five—the others are Sir Henry Benson, Lord Greenhill and Lord Shawcross.

Sir Rowland Wright, 63, was chairman of ICI until recently, and is a director of several other companies: Mr. Quinton Hazell, 58, is chairman of the Supra Group, manufacturer of automobile equipment.

★

The Trade Secretary has appointed Mr. Jeffrey Sterling to the Board of BRITISH AIRWAYS for three years. Mr. Sterling is Chairman of The Town and City Group, and of Sterling Guarantee Trust.

★

The Transport Secretary has reappointed Mr. T. S. Roberts as chairman of the MILFORD HAVEN CONSERVANCY BOARD for a further three-year period. The Transport Secretary has also reappointed Mr. D. V. Driscoll, Mr. R. Englert and Mr. A. Holden, and appointed Mr. H. W. H. Williams of Dyfed County Council as members of the Conservancy Board. Mr. Williams replaces Mr. O. G. John. The appointments are all for three years.

★

Mr. A. W. O'Neill has been appointed manager, corporate planning department, ESSO PETROLEUM. He will be responsible for forecasting energy supply and demand, and general economic development. He became technical manager, Esso Research Centre, in 1974 and moved to head office as contracts and materials manager two years ago.

★

Mr. Julian Martin Smith, senior partner, and Sir Peter Vanneck will be retiring from the partnership of ROWE AND PITMAN, HURST-BROWN on April 10. Mr. A. D. Hurst-Brown will become senior partner from that date. Subject to formal Stock Exchange approval, Mr. D. H. Back and Mr. G. W. Pilkington will also be joining the partnership. The name style of the firm will revert to "Rowe & Pitman" on April 10.

★

Mr. T. M. Edwards and Mr. A. R. Gurka, have been appointed directors of CARRATU.

★

Mr. Keith Smith has been appointed to the Board of ALLIED CARPETS in the new post of distribution director.

★

Mr. M. Bleasby has been appointed a director of FRIZZELL HICKS.

★

Mr. W. Blake has been appointed managing director of RACAL COMMUNICATIONS. He is also deputy chairman of that company and managing director of its three subsidiary companies, Racal Communications Systems, Racal Communications Equipment and Racal Communications Manufacturing.

★

The executive committee of the ISSUING HOUSES ASSOCIATION for the current year comprises: Mr. R. D. Broadley, Baring Brothers; Mr. B. H. Buckley, Singer and Friedlander; Mr. D. J. Ewart, Guinness Mahon; Hon. T. J. Manners, Lazard Brothers; Mr. J. M. F. Padovan, County Bank; Mr. M. J. Richardson, ICFC Corporate Finance; Mr. C. H. Sporborg, Hambros Bank; Mr. M. R. Valentine, S. G. Warburg (incorporating Seligman); Mr. G. R. Walsh, Morgan Grenfell; and Mr. G. G. Williams, J. Henry Schroder Wagg. Mr. Williams becomes chairman and Mr. Walsh deputy chairman.

★

Mr. R. B. Gale and Mr. Alan Ronald Harris have been appointed directors of H. CLARKSON AND CO.

★

Mr. David C. L. Gibbs has been appointed a director of AUSTRALIA AND NEW ZEALAND BANKING GROUP following the retirement of Mr. Angus Mackinnon. Mr. Gibbs has been an alternate director for the Bank's London-based Board members since 1976. He is chairman and chief executive of Gibbs Bright and Company Pty., the Australian subsidiary of the London-based Antony Gibbs Group.

★

Mr. John V. H. Robins will join the Board of FITCH LOVELL as financial director on April 30.

★

Mr. Anthony Alcock has been appointed financial director of DATA RECORDING EQUIPMENT.

★

Mr. Ron Roy has been appointed business travel manager for the BRITISH TOURIST AUTHORITY in the U.S.

★

Mr. John Speake, formerly of the NDT Centre at AERE Harwell, has been appointed to the newly created post of technical manager for PANTATRON SYSTEMS.

★

Mr. Roger Parsons has been appointed managing director of PRIME COMPUTER (UK) a subsidiary of PRIME Computer Inc., based in Framingham, Massachusetts, U.S.A.

★

Mr. Eric Frye and Mr. L. W. H. Rea have joined the Board of PETER BROTHERHOOD as non-executive directors.

★

Mr. John L. Langton has been made a director of AMEX BANK.

★

Dr. F. Taylor has been appointed as assistant general manager of the AUSTRALIAN NATIONAL LINE.

Owen warns of Iran threat to economy

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE DANGER to jobs and the standard of living in the UK as a result of the unrest in Iran was underlined in the Commons yesterday by Dr. David Owen, the Foreign Secretary, making his first statement on the situation since the overthrow of the Shah.

He conceded that perhaps the British Government had made mistakes in assessing the chances of the Shah's survival. But we now had to face up to some of the economic consequences for Britain.

"There are going to be many people whose jobs are going to be put at risk," he warned. "There are going to be many people whose standard of living is going to be put at risk.

"The consequences for oil are going to be felt right around the world."

During the exchanges, Conservative MPs expressed fears that the present regime of the Ayatollah Khomeini and his Prime Minister Bazargan would be swept away and replaced by a pro-Communist government.

Dr. Owen told them that the British Government's policy was to give support to Dr. Bazargan in the hope that this would bring stability to Iran and prevent some of the consequences which alarmists were predicting.

It was in the interests of the Iranian people that the Government of Dr. Bazargan should spread its authority throughout all the territory of Iran.

The Foreign Secretary said that Britain respected the right of the people of Iran to determine their own future. We wanted close relations with the new Government.

The events of the past few weeks had brought the Iranian economy to a near standstill and this was bound to have an effect on our exports and on employment within the relevant industries in the UK.

"It may be some months before we see the full consequences," he added. "Nevertheless, I believe our trading relations should survive the present difficulties."

Left-wing Labour MPs seized the opportunity to criticise the Government for having supplied arms to the Shah. Dr. Owen emphasised, however, that the greater part of our trade, in future, would involve civilian goods and services of a kind which Iran would need once oil production and the economy revived.

Nevertheless, he hinted that some orders for military equipment might be salvaged. The

'There are going to be many people whose jobs are going to be put at risk.'

decisions on arms cancellations had been made by the previous Government of Dr. Bakhtiar, he stressed.

"I don't rule out the possibility that arrangements will be made that will not be quite as dire as at one time it looked," he observed.

The Foreign Secretary said that implications for the world energy market were potentially serious and we were discussing with our Western partners and the oil producing countries ways of mitigating the effects.

At the moment, he said, the situation was too uncertain to make confident predictions about the future but it was clear that it would now be more important than ever to reach a comprehensive settlement of the Arab-Israeli dispute.

From the Opposition front bench, Mr. Francis Pym, Conservative shadow foreign secretary, wanted to know what strategic reassessment we were now carrying out with our European partners, the United States and NATO.

Dr. Owen assured him that this had been discussed extensively with our European colleagues, who were all concerned that oil should have unfettered passage from the Persian Gulf.

He urged MPs not to be too alarmist about the likely outcome.

"I see no signs of Iran, with immense internal problems, wishing in any way to challenge the integrity of the states around it."

There were, at present, 800 British citizens still in Iran. The RAF had flown out more than 600 and others had left by sea.

Our Defence Correspondent writes: Britain's head of defence sales, Sir Ronald Ellis, and the chief executive of International Military Services, the operating sales agency for the Ministry of Defence, Mr. Michael Cotton, have now arrived back in the UK from Iran—without, it is understood, any clearer ideas of the future of current UK defence deals with that country.

The contracts, worth more than £1bn and affecting upwards of 20,000 workers, are still subject to suspension by the Iranian Government. Sir Ronald and Mr. Cotton went to Iran just before the fall of Dr. Bahktiar's government to discuss the matter.

They arrived there just in time to be caught up in the revolution, and, in the subsequent chaos, have been unable to discuss the matter with any responsible Minister in Ayatolloah Khomeini's Islamic Revolutionary Government.

Thus, the UK Government is no wiser as to the future of the contracts, and while it is hoped that some discussions can be arranged soon, there is no indication as to when these are likely to take place.

Political donation option defeated

BY ANDREW TAYLOR

A LABOUR backbench move which would have made it more difficult for public companies to make political contributions was duly defeated yesterday, after it failed to gain Government support.

Mr. Ian Mikardo (Lab, Tower Hamlets, Bethnal Green and Bow) had proposed an amendment to the Companies Bill which would have given shareholders the right to opt out of company political contributions.

The amendment was defeated on the standing committee by seven votes to three, with Government supporters abstaining.

Mr. Robert Maclennan, Under-Secretary for Prices and Consumer Protection, said that the Government approved of the sentiments behind the move but the wording of this particular amendment was inappropriate.

Mr. Mikardo said later that he recognised that there were several faults with the drafting of his amendment but he hoped the issue would be raised again when the Companies Bill reaches report stage.

However, it seems doubtful whether the Government would want to pursue the matter at that stage.

Foot hedges on procedure changes

BY IVOR OWEN

DECISIONS on major reforms in the procedures of the House of Commons should wait until after the coming general election so that they can be taken at the start of a new Parliament, Mr. Michael Foot, the Leader of the House, maintained last night.

As expected, he came out strongly against the establishment of 12 select committees to "shadow" every major Department of State — one of the key proposals made by the all-party House of Commons select committee on procedure.

But Mr. Foot accepted other aspects of the committee's case that action is needed to redress some of the shift in the balance of power which has made it easier for governments to overcome the checks exercised by the House of Commons.

He acknowledged the need to strengthen Parliamentary control over public expenditure and endorsed the demand for greater control by the House of Commons of legislation emanating from the EEC.

But even in those areas, Mr. Foot seemed to see little likelihood of effective changes being made in the lifetime of the present Parliament.

This brought him under fire from MPs on both sides of the House who favour an early decision in principle on the major reforms proposed by the procedure committee.

Mr. Norman St. John Stevas, the Conservative shadow leader of the House, called on the Government to give the House the chance to decide "at the earliest opportunity."

Amid cheers from Tory MPs, he declared: "If the Government cannot take action in this matter then, after the general election, the Conservative government will."

While the final decision must be left to the House, he promised that in the first session of the new Parliament the Conservative government would bring forward "positive, constructive, and helpful proposals," based on the procedure committee's report.

Mr. Foot had to contend with persistent criticism from the Labour backbenches as well as from Tory MPs when he explained the reasons for his belief that major changes in the procedures of the House should be left to the start of a new Parliament.

Then, he stressed, the decision would be made by those who had to live with the result. But he suggested that so far reaching were some of the proposals made by the procedure committee that the decision should not depend on a single vote.

A series of votes, akin to the decisions taken at the different stages of the passage of a Bill through Parliament, would be more appropriate, he suggested.

With support from some Labour backbenchers, Mr Kenneth Baker (C. St. Marylebone) argued that the existing House was better qualified to decide, because the new House resulting from the general election would not contain so many MPs so well versed in Parliamentary procedure.

But Mr. Foot held to his view that the best time for the decision to be made would be at the start of a new Parliament.

In resisting the proposal that 12 select committees should be established to "shadow" every major department of state, Mr. Foot warned that in practice this was unlikely to prove an effective means of exercising greater control over the bureaucrats.

When Labour backbenchers scoffed at his insistence that Ministers were best equipped to deal with bureaucrats, he warned: "My guess is that several of the top civil servants will favour this proposal."

PLR quango plan withdrawn

TORY PEERS questioned in the Lords yesterday the need for a new "quango" to administer the proposed Public Lending Right scheme for authors.

But they later withdrew their bid to remove from the Bill—which sets up the scheme for payments to authors — the appointment of a registrar and staff to run it and the Bill ended its committee stage without amendment.

Viscount Eccles, former Tory Minister for the Arts, complained that administration costs under the Government's Public Lending Right Bill were estimated at £600,000 a year.

"At this time, when Government expenditure is already running at thousands of millions beyond the revenue of the taxes, we really ought not to add more."

Lord Eccles suggested finding a better way of doing something more satisfactory for authors.

He pointed out that in France authors did not have to pay National Health contributions, and in Eire, special tax relief was also in operation.

He urged the Government to try to devise a more sensible scheme which would give authors more money and not create one more quango.

Author and television writer Lord Willis (Lab) said the biggest quango of all was the House of Lords. "We are all here by virtue of patronage," he said.

He admitted that the new scheme would be expensive to administer.

But it had to be administered by some organisation and it would have to be launched by a "navigator"—a registrar.

From the Opposition front bench, Lord Gowrie said it was time the Bill was on the Statute book so that the scheme could be scrutinised in action at the earliest possible date.

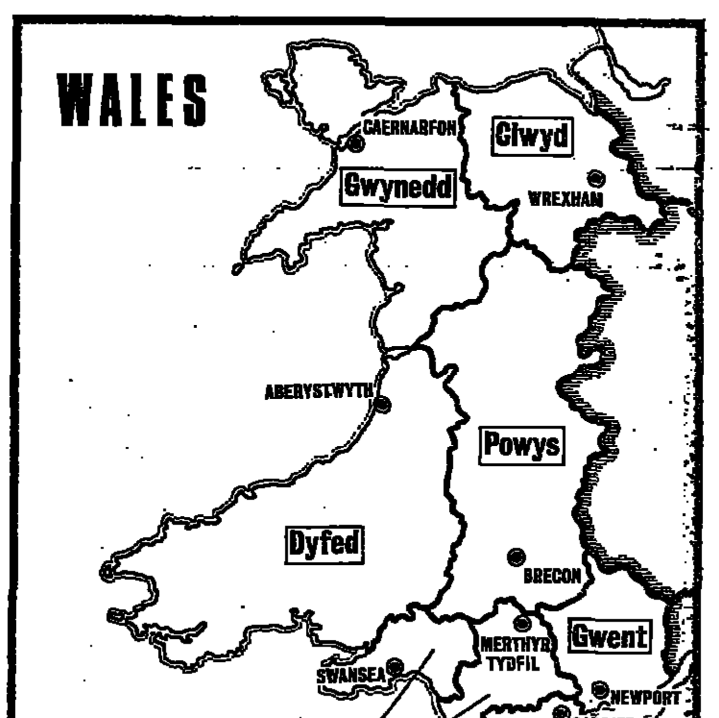
Government spokesman Lord Donaldson of Kingsbridge defended the body, saying it was fully justified.

"It is a new quango, it is a quango of an extremely limited kind and we don't think it could be adequately replaced from within the Department."

He added that the scheme on which the whole system would operate had been the result of six years investigation and was the only way in which it could be decently carried out.

Varying degrees of Welshness in Wales

BY ROBIN REEVES, WELSH CORRESPONDENT



THE mountains and valleys of Wales have created a nation of communities in which people identify as much with their village, town, valley or district as with Wales itself.

The main lines of communication run East-West rather than North-South, with the result that, even today, people in South Wales are more likely to have visited London than North Wales and more people in North Wales have visited Liverpool than Cardiff.

Administrative devolution of Welsh affairs to Cardiff, the creation of more Wales-based institutions, improvements in communications, greater mobility, radio and television, are all factors which have brought the north and south halves of Wales much closer together in recent years.

But they have not stopped a familiar set of rumours circulating during the current referendum campaign on the Welsh Assembly.

In the South, the rumour is that the Assembly will be controlled by wild Welsh speakers from the hills of North Wales. In the North, the danger of the Assembly is seen as domination by the English-speaking militant socialists in South Wales.

The total electorate in Wales is just over 2m, of whom nearly 80 per cent voted in the February, 1974, General Election and 66.7 per cent in the EEC referendum in June, 1975. Looking at Wales on a county-by-county basis, the following picture emerges:

CLWYD—Electorate 273,000

Wales's most northerly county. It is still strongly Welsh in the inland town and rural areas, but the population is mainly clustered around the edges in Wrexham, Deeside and the North Wales coastal holiday resorts. These have attracted a large "immigrant" population from Liverpool and Lancashire.

Politically, Clwyd is evenly divided between Labour (Wrexham and East Flint) and the Conservatives (West Flint and Denbigh). Mr. Tom Ellis (Lab, Wrexham and a European MP) is a strong advocate of devolution.

Clwyd's remoteness from Cardiff (though they are now linked by a daily air service) may be offset in devolution terms by Clwyd's wish to keep its distance from troubled Merseyside.

GWYNEDD—Electorate 168,000

The Welsh-speaking heartland of Wales, formed out of the old countries of Anglesey, Caernarfon and Merioneth. The County Council operates a fully-fledged bilingual policy. Politically Gwynedd is the main nationalist stronghold and is expected to produce an overwhelming Yes in the referendum.

At the same time, the large number of retired people from other parts of the country, recent Welsh language conflicts at University College, Bangor, and the Cardiff remoteness factor could still contribute to a respectable No vote.

DYFED—Electorate 241,000

The other strongly Welsh-speaking county, though less so in the towns. It also embraces the former South Pembrokeshire, which is renowned as little England beyond Wales, having been English-speaking for centuries. Dyfed is made up of the old counties of Cardigan, Carmarthen and Pembroke, which remain the respective Parliamentary constituencies of Mr. Geraint Howells, the Liberal, Mr. Gwynfor Evans, Plaid's president, and Mr. Nicholas Edwards, the Conservative Wales spokesman who is leading the umbrella No assembly campaign.

The Yes campaign's multi-party organisations should produce a comfortable majority in favour of the Assembly in the county, though the result could be decided by the attitude of Llanelli, the largest population centre, which is a Labour stronghold.

Llanelli's MP, Mr. Denzil Davies, a junior Treasury Minister, is campaigning in favour.

POWYS—Electorate 77,000

Formerly the very sparsely populated counties of Brecon, Radnor and Montgomery and represented by only two Westminster MPs, Mr. Emlyn Hooson, the Welsh Liberal leader, and Mr. Caerwyn Roderick, Labour. Both are actively campaigning in favour but the county council has come out against. Given its small population, Powys is unlikely to be decisive in the result either way.

GWENT—Electorate 314,000

The former county of Monmouth which, for centuries, was unsure whether it was part of Wales or England. Gwent Westminster representatives include Leo Abse (Pontypool) and Neil Kinnock (Bedwelty), leaders of the Labour No Assembly campaign, but also Michael Foot in Nye Bevan's former seat of Ebbw Vale, who is campaigning strongly for a Yes, as is Roy Hughes, MP for the main Gwent population centre of Newport. The county council is against, but has provoked a major row by deciding to spend £1,000 of ratepayers' money on a no campaign.

Devolution opponents should win a majority but proponents are hopeful of a very respectable vote in favour.

MID-GLAMORGAN — Electorate 390,000

This creation of 1974 local government reorganisation basically consists of the coal-created industrial communities of the Rhondda, Cynon, Merthyr and Rhymney valleys, which are expected to hold the key to the referendum result.

Representation at Westminster is solidly Labour but Plaid Cymru has made inroads at local council level, notably in Merthyr Tydfil and the Rhymney Valley, and is now regarded locally as the main political enemy. This polarisation and the economic difficulties of the area—which Labour devolution opponents claim would be made worse by prejudicing links with England—make the referendum outcome difficult to predict. It is where the battle for the support of the traditional Labour supporter is concentrated.

S. GLAMORGAN—Electorate 275,000.

Essentially the city of Cardiff, though it also includes the part of Barry and the middle class villages of the Vale of Glamorgan. In spite of the economic benefits likely to accrue to Cardiff and district if the Assembly is established, the Conservative county council is spending £3,000 on No leaflets and the city's two Tory MPs are campaigning hard against.

On the other hand, Mr. Callaghan ought to sway voters in his own Cardiff SE constituency and other parts of the city. Public opinion poll evidence has long suggested above-average but not decisive support for the Assembly in South Glamorgan.

W. GLAMORGAN—Electorate 273,000.

The county is dominated by Swansea and the heavy industrial centres of Port Talbot and Neath. Inland, up the Swansea Valley and on the anthracite belt to the north west, Welsh is still widely spoken. But apart from Mr. John Morris, the Secretary of State for Wales and MP for Aberavon (Port Talbot), the rest of the county's MPs, all Labour, are either hostile or indifferent to the Welsh Assembly. In general, Glamorgan has shown little enthusiasm based on the rival centre of Cardiff. This is almost certainly why Mr. Callaghan is making his only major appearance in the Welsh referendum campaign in Swansea tonight.

'Wicked lie' refuted

DEPUTY Tory leader Mr. William Whitelaw yesterday denounced as "a wicked and frightening lie" Labour claims that a Conservative Government would repatriate members of Britain's ethnic minorities.

Mr. Whitelaw was speaking at the inaugural meeting of the Anglo-West Indian Conservative Society at the party's Central Office.

The new society already has 400 members and is growing fast, claim its officers.

Mr. Whitelaw said: "Labour spokesmen should remember how meaningless and damaging this term 'repatriation' is. Many members of the West Indian Community were actually born here.

"We will never send our citizens away."

He said the Conservatives wanted to remove forever the label "immigrant" hanging over ethnic minorities and have them accepted for what they were—full British citizens.

"That is why, in redefining the British nationality law as we shall, we will ensure that our legislation does not adversely affect the rights of anyone permanently settled here."

CIVIL and criminal business in Scotland's courts may be suspended if court officers go ahead with a strike planned for Friday, Scottish Secretary Mr. Bruce Millan told the Commons yesterday. He described the threatened action as "utterly deplorable" and said the Lord Advocate was already taking steps to cut the amount of criminal work coming before the courts after Friday.

NORTHERN IRELAND emergency legislation is to be the subject of a detailed study by the Government's Human Rights Commission, Northern Ireland Secretary, Mr. Roy Mason, said yesterday.

He was announcing publication of the fourth report of the Standing Advisory Commission on Human Rights. There is also to be a follow-up to the commision's study of the need for a Bill of Rights in the province.

A COLLECTION of historic papers on the first Duke of Wellington's military, diplomatic, and political career has been accepted by the Treasury in lieu of estate duty, Treasury Minister Denzil Davies said yesterday in a Commons written reply. The National Land Fund had borne the total cost of £372,600.

TV RENTAL increases for about 140,000 customers are to be cancelled. Prices Minister, Mr. John Fraser, announced yesterday. Amounts overpaid because of the increases, which over-rode the hirers' contractual rights, would be credited to them, he told Mr. Alan McKay (Lab., Penistone) in a Commons written reply.

Booth announces jobs package

A NEW package of measures to reduce the jobless total—still running at more than 1,450,000—was announced in the Commons yesterday by Mr. Albert Booth, Employment Secretary.

Temporary Employment Subsidies are to be replaced by a short-time working scheme and a new labour subsidy linked to wage levels is being considered for some private firms in difficulties.

The Youth Opportunities Programme, the Special Temporary Employment Programme for long term unemployed and the Community Industry Scheme for jobless youngsters are also to be expanded, he said.

Mrs. Margaret Thatcher, the Tory leader, warned in the Commons yesterday that the only way to meet increased pay claims in the overmanned public sector was by "job-shedding."

Mrs. Thatcher asked the Prime Minister: "Do you agree with Frank Chappel that, in the public sector, everyone knows there is gross overmanning. And if so, do you accept that the only way to meet increased pay claims is by job-shedding?"

Mr. Callaghan replied simply that it was not his responsibility to answer for the views of any trade union leader—however "eminent" or "colourful" he might be.

Earlier, Mrs. Thatcher asked what Mr. Callaghan's definition of "comparability" was, as part of the Government's new pay policy appeared to be the "doctrine of comparability."

Mrs. Thatcher asked the Prime Minister whether his definition would include similar manning levels, similar degree of job security and similar entitlement to inflation-proof pensions?

Mr. Callaghan told her that any body set up to examine the question of comparability in the future would have "an agreed set of criteria."

The three aspects Mrs. Thatcher had mentioned would clearly be included among the criteria because they were all important aspects.

Tories also urged the Government to put teeth into its pact with the TUC and to support all-party legislation on the closed shop, picketing and secret ballots.

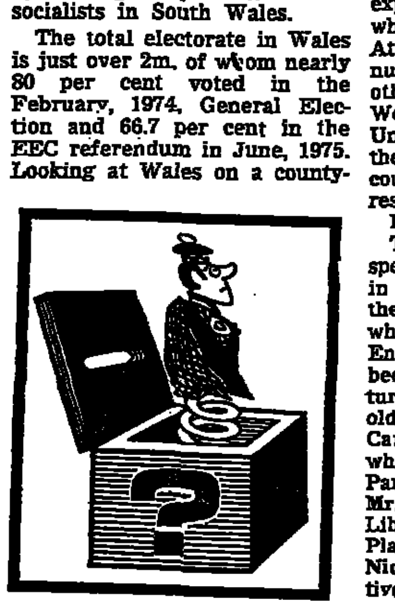
During question time, the Prime Minister said the agreement with the trade unions was a step in the right direction. He hoped to see many more such steps.

Mr. James Prior, shadow employment secretary, challenged him to accept the advice of Mrs. Thatcher.

Mr. Callaghan should "back up the start the TUC has made by putting some teeth into it—by supporting all-party legislation on the closed shop, picketing and secret ballots."

The Prime Minister said he had noted what Mrs. Thatcher had said about all-party talks.

"Of course, it would be very useful if we could have all-party agreements on the basis of what has been done between the Government and the TUC."



Williams notices a swing to centre

BRITISH TRADE unions were moving back to the centre in politics and not to the far Left, Mrs. Shirley Williams, Education Secretary, said yesterday.

She made the claim when she explained to the Foreign Press Association lunch in London why, as a social democrat, she was not politically "dead."

"I think many people have failed to notice the extent to which there has been a very considerable shift in power in respect of our major trade unions," Mrs. Williams said.

She said the second largest union in the country, the Amalgamated Union of Engineering Workers, had elected as its president and general secretary, two of the best-known Labour moderates in the country, Mr. Terry Duffy and Mr. John Boyd.

The union had rejected candidates associated with the far Left and was not the only union to do so.

Mrs. Williams told the foreign journalists that if they studied the structure of unions they would find that it was not true that unions were moving to the Left.

"They are not. They are moving clearly back to the centre. It is only a small handful of unions now which represent the far Left."

Countryside criticisms

BY PAUL TAYLOR

THE Countryside Commission yesterday welcomed the provisions of the Government's Countryside Bill as a "step in the right direction" but suggested a series of improvements to the proposed legislation.

In a report on the Bill, the Commission said it was "disappointed that the opportunity is not being taken to implement other recommendations."

In particular, the Commission calls for amendments to give itself greater involvement in the procedure for making moorland conservation orders, statutory recognition of the term "national park authority" and adoption of an alternative clause to deal with the problem of bulls in fields crossed by public paths.

Countryside Bill: comments by the Countryside Commission, free.

Advisers snubbed

By James McDonald

A FABIAN paper, published today, argues that the Labour Party should be prepared to make its own decisions on a desirable structure of Scottish Executive departments and Ministerial portfolios in the Scottish Assembly and not rely exclusively upon the advice of the civil servants.

Dr. Simon Booth, the author—in the third paper in the Scottish Council of Fabian Societies' series on Radical Agenda for Scotland — says that the Scottish Assembly Labour group, and not just the First Secretary, acting on the advice of his civil servants should have an important say in getting the structure right from the beginning.

The author, Lecturer in the Department of Administration at the University of Strathclyde, proposes that the existing functional basis of Scottish departments should be maintained and that there should be a small number of relatively large departments, developed from the existing structure.

The Scottish Executive: Departmental and Ministerial Structure, Dr. Simon Booth, Scottish Council of Fabian Soci ties, 146 Fergus Drive, Glasgow, 50p plus 15p postage.

BBC under attack

THE BBC was urged yesterday by the Prime Minister to go ahead with party political broadcasts on the referendum—despite the court injunction preventing the IBA from transmitting them.

"What the BBC does is a matter for them. But I trust these broadcasts will go on," Mr. Callaghan told MPs during Commons Question Time.

He rejected Tory pressure for a change in the rules to have two broadcasts allotted for each side in the referendum campaign, instead of the existing allocation based on party differences.

The matter was for the political parties, not for the Government, he said.

"But the more people hear the arguments, the more likely they are to vote Yes when the time comes," he said.

Mr. William Whitelaw, Tory Shadow Home Secretary, had told him that the injunction created very different circumstances in the referendum campaign. It would be much fairer to revert to the principle of two broadcasts for each campaign.

● Scotland's Solicitor-General yesterday attacked the BBC for what he claims was a "trivialisation" of the devolution issue in its Nationwide programme on Monday night.

Lord McCluskey, who steered the Scotland Act through the House of Lords, said he was "horrified and disgusted" by the programme, which featured broadcaster Richard Stilgoe.

At a Press conference in Glasgow, Lord McCluskey said: "I might disagree with my opponents on devolution about a number of things and accuse them of lack of courage and a lack of faith. But I don't accuse them of trivialisation.

"I was horrified and disgusted to see on the BBC an appalling trivialisation of this issue. I thought it was an insult to the people of Scotland. I hope the people will show what they think of this treatment of important issues when they vote on March 1."

The programme has also been criticised by the Labour Vote No campaign, which has written to the BBC Board of governors in protest.

The programme, the opener of a Nationwide series on the referendums in Scotland and Wales, was mainly lighthearted and included Richard Stilgoe dressed in a kilt in a parody of Macbeth.

The No campaigners, Labour MP Mr. Tam Dalyell and Labour No chairman Mr. Brian Wilson, have asked the governors to see the programme before their meeting on Thursday.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● BANKING

An electronic cheque study

THE POTENTIAL uses of image processing within the UK banking system are to be jointly studied by the Midland Bank and Burroughs Corporation in an 18-month project just announced.

A prime bugbear of branch banking, the cheque, will be looked at first and some Burroughs prototype image processing equipment will be installed at a Midland area office with the object of comparing such techniques with existing and likely paper-based routines.

Behind such studies (there is for example, a similar project in hand by Bank of America with NCR) is the need to find a way of retaining the time-honoured and much-beloved cheque within modern computerised banking without incurring the costs of physically manipulating and transporting the billions of pieces of paper involved each year.

The idea of image processing is to seize the cheque as soon as it is presented and turn it into a digital electronic replica which can be stored, transmitted, displayed and reproduced at high speed and more or less at will. The cheque becomes a fairly long stream of digits which, given the decreasing costs of electronic logic, storage and transmission, can be handled increasingly cheaply.

In most versions of the idea the cheque itself would from then on not travel very far—probably into a regional centre. The detail it contains, however — signature, date, cheque number, account number, amount, endorsements —can be sent wherever they are needed and in theory at any rate, could be electronically processed, although initially there would probably be manual extraction at VDUs within the regional computer centre to which the data is sent over data lines.

Electronic cheques are seen in many banking circles as an attractive and possibly inevitable alternative to EFT, or electronic funds transfer, in which the cheque is done away with and the customer uses plastic cards and pushes buttons instead.

In the U.S.—and therefore almost certainly in the more conservative UK—there is growing resistance to the idea of abandoning the cheque, which the customer sees as the only proper, signed authorisation by him for a payment to occur.

Image processing has the advantage that the customers would know nothing about it while the banks would gain cost reductions that would probably enable them to keep charges down. But the technique would also be applicable to other kinds of bank paperwork, yielding similar cost advantage.

The Midland/Burroughs project can therefore be seen to be as important in the UK as the NCR/B of A work in the U.S. Mr. W. D. Jarman, general manager of Midland's computer operations, believes that the results of the experiments with Burroughs will enable the bank to develop its long-term plans more effectively and will assist the computer company in the design of future equipment.

● MACHINE TOOLS

Lathe for tyros or big users

IN THE PAST, too many machine tools and their numerical controllers have proved to be more complex and sophisticated than user industries wanted, or could cope with.

The latest product from Alfred Herbert is intended to meet a market need for a simple automatic lathe. Though it is computer-controlled, the Husky should suit the small company introducing numerically controlled machine tools to its shop floor for the first time, as well as meet the requirements of large users for more power.

Traditional lathe layout has been followed for the basic machine. To this can be added a series of options, according to whether the customer intends to use the unit for bar work, chuck work or shaft work between centres.

To simplify part programming, a series of "canned" cycles is provided covering the most common machining cycles. Manual data input and override facilities allow editing of programs at the machine, which saves loss of time when tapes have to be corrected away from the shop floor. A correct tape can be punched out from the control cabinet at the end of a production batch run and stored.

Repeatability of slide movements, feeds and speeds, ensure consistent quality and the machine construction is rigid, providing accurate machining.

Because the Husky can be used very easily for forward and back facing, turning and threading and two-axis linear and circular interpolation, the need for a second operation to complete parts is very greatly reduced.

An 11 kW motor operating through multi-vee belt, gears and clutches will give 16 instantaneous reversible spindle speeds between 28 and 2,000 rpm. Speed changes can be made under cutting loads to permit progressive increase or decrease and provide a constant cutting speed when large areas are being tackled.

One or two automatic indexing square toolposts can be fitted on the cross slide and controlled from the tape. Indexing takes less than two seconds.

The NC equipment is made by a subsidiary, Herbert Numerical Controls of Woking, Surrey.

Further details from Alfred Herbert, POB 30, Canal Road, Coventry CV6 5GT. 0203 88866.

Tooling for vertical lathes

IMPERO quick-change tooling, normally used on the cross-slide of horizontal lathes, can now be used on vertical lathes. Impero (United Kingdom), based in London, has introduced a series of turret-adaptor toolposts. Instead of the usual mounting for a cross-slide, these have a spigot to fit standard turrets.

These are available in four sizes which between them can accept all the cutting tools and boring bars in the current range.

Impero tooling is particularly suited to vertical lathes. These are generally large capacity machines and, as standard, Impero has the largest quick-change tooling system in the UK. The top of the range toolpost can accept toolholders which hold tool sections up to 90 by 62 mm (3½ by 2½ ins).

Impero (United Kingdom), Impero House, Ellora Road, London SW16 6JF. 01-677 1141.

Speeds the presses

ITALIAN PRESS loader, from Norda of Brescia, is designed to feed rotor blanks to high speed notching presses with the benefits of increased and consistent production rates, and reduced labour costs (one operator can look after more than one press).

Called Rotanor, the automatic loader can be fixed to any existing presses of any age says UK distributor Lomir International, Whitchurch, Ross-on-Wye, Herefordshire HR9 6DJ (0600-890777).

Blanks are loaded into a magazine while the press is running, and are then extracted from the bottom of the magazine by a patented vertically acting stripper.

Various other functions of the machine include checking that only one blank has been fed from the magazine, orientating the blank about its keyway (the blanks can be loaded with random orientation into the magazine), feeding the blank to the press, unloading the finished rotor from the press, and stacking it correctly orientated.

Representative example of the production rate is given by a rotor 380 mm diameter with 90 slots and a production rate of 720 an hour.

£2½m worth on show

EXTENSIVE RANGE of machine tools (many shown for the first time in the UK) will feature in an in-house exhibition called Nortech 79 to be held from May 14-18 at W. E. Norton (Machine Tools), Dore House Industrial Estate, Orgreave Drive, Sheffield S13 9NR (0742-697341).

Exhibits will be divided into eleven main areas: grinding, thread rolling, gear cutting, turning, CNC, drilling, milling, fabrication, sheet metal presses, forging and powder compacting.

Display will mark the opening of the company's new 20,000 square foot showrooms.

● MATERIALS

Seal life extended many times

UNIQUE mechanical sealing designed by Crane Packing for a urea de-waxing plant in West Germany has now been in trouble-free operation for an extended period, replacing a conventional gland packing which had a maximum leak-free life of eight hours.

As a result, the plant operator has been able to recoup his investment in record time and to achieve savings of about DM ½m a year in process-related products.

The plant has four 10-foot diameter vessels in which the urea is held under vacuum. Each is penetrated from above by two shafts, one inside of the other. The outer, hollow, shaft has a diameter of 14 inches and moves scraper blades which clear away waxy deposits on the vessel walls. The inner shaft has a diameter of around six inches and drives a vertical axial flow pump which agitates the liquid in the vessels.

Agitation of the shafts causes flexing of the vessel head. This led to rapid failure of the gland packings used. The maximum working life of these packings—only eight hours—meant considerable expenditure in man-hours in inspection and repair, plus the danger of air leaks into the vessel, adversely affecting the product.

Crane Packing's solution was to dispense completely with gland packings and to use mechanical seals instead.

The inner shaft was sealed with one of Crane Packing's standard seals—a multi-spring unit mounted in an oil bath. The primary sealing faces are of resin bonded carbon and Ni-resist. The auxiliary sealing members are of PTFE.

A special mechanical seal was designed for the large outer shaft. This was a simple robust wedge seal with the seat designed specially long and with minimum flange thickness to reduce the effect of vessel head flexing. The primary sealing faces are of cast iron and all ancillary sealing members are PTFE.

Further details from Crane Packing, Slough SL1 4QX. 0753 31122.

Speedier flooring

ALTHOUGH WIDELY used on the Continent, prestressed concrete plates have only recently been introduced in the UK by Ortkspan, 2 Market Close, Poole, Dorset (02013 78631).

Good example of their use is at a development site in King Street, Tavistock where 24 flats called for concrete floors. Faced with the problems of lorry access and limited space on site, the architect specified the plates as the only practicable solution.

One metre wide and 50 mm thick, the plates can be manufactured in any length up to about 10 metres, and can be craned into position straight from a delivery vehicle. They will serve as a composite element of the floor on to which wet concrete is poured to the desired thickness, thus eliminating all shuttering and propping.

Proving to be much quicker than traditional methods, says the company, the prestressed concrete plates are also being used in developments in Truro, Bridport, and the new TAVR Centre and rifle range at Dover.

Looks good overhead

BECAUSE OF its striking appearance and good fire resistant qualities, vermiculite, a heat expanded mineral material, is ideal for a ceiling tile, claims Treetex Acoustics, Swinton House, 324 Gray's Inn Road, London WC1X 8BZ (01-278 4167).

Particularly suited to suspended ceilings, Nugget is one of a range of three vermiculite patterns. It has a deep pattern of facets which can be used in line, or alternated. It is 600 mm square by 25 mm thick and can be fixed by wire or rod directly-hung tee sections or by concealed Z section systems.

Two patterns in the range are called Ingot and Sovereign. By placing the tiles in alternate directions, Ingot can be used to create a chequered effect while Sovereign's subdued chevron design produces a gentle linear effect when the tiles are fixed in one direction, says the company.

Coater for spectacles

A LOW-PRICED high vacuum evaporation plant intended for the application of anti-reflection and other coatings on ophthalmic lenses has been designed by Balzers High Vacuum, Northbridge Road, Berkhamsted, Herts (04427 2181).

Called BAL 450, it employs a 450mm diameter stainless steel bell jar and has a substrate holder that will accommodate 22 lenses of 65 mm diameter, adaptors being used for smaller diameters down to 58 mm.

Film thickness is pre-selected on digital keyboard and is monitored by a measuring head; a control unit switches off the process when the selected thickness has been laid down. Hydropneumatic lifting of the bell jar is provided, the whole unit is mobile, and doors or removable panels allow access for maintenance.

A sheet in time

VALUE OF a lightweight, insulating building sheet is being appreciated in Scotland under present severe weather conditions, says maker Perm-U-Board, 38, Boundary Drive, Hunt's Cross, Liverpool L25 0QD (051-486 0971).

Poorly insulated houses there have been upgraded with the building board which is used for ceilings and walls and, at the same time, cures any condensation problems.

Polystyrene, said to be one of the finest insulation materials known, is restructured into highly pre-finished panels with a smooth plaster-like finish and, says the manufacturer, readily lends itself to any type of decoration.

Apart from refurbishing older dwellings, it has applications in the agriculture sphere to assist controlling temperatures in such buildings as potato storage sheds, etc., and as a valuable heat saver in factories, warehouses and working environments.

● ELECTRONICS

Key meaning is variable

DEVELOPED by Fairchild Camera and Instrument, Datakeys can be installed on keyboards and pads to have whatever function or meaning the designer requires at any particular moment.

Each key incorporates a liquid crystal which could for example, remain blank until given a meaning by the progressive operation of the equipment. Or, a whole bank of keys could be assigned completely different functions to change the whole mode of operation of the system.

A number of symbols and message patterns can be incorporated into Datakey and energised, as required, by applying drive signals to the appropriate contacts. Drive signals must be symmetrical and in the frequency range 25 Hz to 1 kHz, at voltage levels between 2.8 and 6.0 rms.

More from the company at 230 High Street, Potters Bar, Herts (Potters Bar 51111).

Reliable supplies

DIRECT CURRENT, 100 watt DC switching power supplies in five versions covering five, 12 and 15 volts are offered by Astec Europe, 4A, Sheet Street, Windsor, Berks. (Windsor 55245).

All the units offer full protection to the input mains supply and to the powered circuits with overvoltage facilities, short circuit current limitation and thermal cut-outs.

The company claims that the controlled and documented assembly process that it uses, involving thermal cycling and the burn-in, of components before use, ensures that "reliability is built in," with predicted mean time between failures of 100,000 hours.

Regulation between 25 and 100 per cent of full rated load is for example, better than 1 per cent for the five volt 10 amp output common to all the models. The dual outputs (±15 or ±12 volts) will track within 5 per cent.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Kenneth Gooding interviews BL's chief executive to find out how well the rescue plan is going

Michael Edwardes' half term report

LAST WEEK'S vote by employees at BL Cars against their shop stewards' call for a strike has been by many observers as yet one more victory for the tough and uncompromising approach Mr. Michael Edwardes has brought to his job as chairman and chief executive of BL.

Mr. Edwardes himself does not see it that way. "I don't think the vote—30,000 for a strike and 66,000 against—showed any particular enthusiasm or support for management. There is certainly a widespread feeling that we took an unreasonably tough line over parity payments.

"What it did show is the determination of the workforce to talk before they walk. They want to keep the company going."

At the heart of the argument was the programme of parity payments to establish the same *rate for the same job at all* of BL's 34 plants, essential if the pay bargaining chaos of the past is to be ended. The shop stewards called for a strike when the company announced that productivity had not risen *enough* to warrant the first interim payments.

BL, formerly British Leyland, insists that productivity targets were agreed, including detailed figures, at plant level and following normal industrial relations practice it was left to the shop stewards to inform the workforce.

Mr. Edwardes comments: "We have been fairly criticised for not communicating to the shop floor itself. But in the past the company wanted to be seen not to be going over the heads of the shop stewards. We will now improve communication with the shop floor. We judge that the mood of the employees has changed and that is what they want us to do.

"That does not mean that we will be 'selling' the management line or forcing shop floor employees to take positions. But we must make sure they get the facts in situations like the one which arose over the productivity deal."

To some extent BL has only been granted a reprieve. The next parity payment "trigger" point comes in May (if the timetable is not altered) and the programme should be fully implemented in November.

Mr. Edwardes *maintains* BL is "itching to make the payments but we simply cannot make them unless they are earned by increased productivity. If people understand clearly what they must do to earn the next payment then we stand a better chance that it *actually will be triggered off.*

"What worries all my colleagues — who are working hard to achieve the productivity and to get the payments made — is that there may be some people in the company who want the parity programme to fail."

So Mr. Edwardes believes that the period between now and November is one of the most crucial in BL's history. "It is not clear cut whether the necessary productivity will be achieved," he points out.

As everyone knows, BL has faced several crises before. For example, Mr. Edwardes was given very little time to make up his mind about the BL post before he took over in November 1977. He recalls it was not a question of "Shall I say yes?" but one of "Can I say no?" because BL's finances were in such a mess.

In the starkest terms the group simply did not have the money to pay the wages, it could not make a financial case for more state cash from the National Enterprise Board between November 1977 and March 1978 and, in any case, *approval would have been* extremely difficult to obtain because there was a "hung" Parliament.

Morale

Mr. Edwardes says the major achievement was that the Board was restructured in a way that gave the City enough confidence to provide £80m of stand-by credit. Three out of the four UK clearing banks and two U.S. banks provided this short-term facility.

Eleven people left the board during the reorganisation and three newcomers, including Mr. Edwardes, joined reducing the number of directors from 14 to six.

By March of last year BL had Parliamentary approval for a scheme to raise £450m of equity to strengthen the balance sheet and pay off the short-term £80m loans. Mr. Edwardes recalls: "Parliament did not divide over the money. That was tremendous from a morale point of view. It was tremendous from an export point of view. People overseas realised that this company might survive because here was bi-partisan financing of the company."

Since then there have been no miracles. "I doubt if there is one problem we faced in November 1977 that has been *solved completely*. What I would argue is that we have made progress on almost all our major problems."

Mr. Edwardes reminds people that he is committed to completing only three years as chairman and chief executive of BL and then he will give up the post. He says this has enabled him to drive and push through the many organisational and other changes made because "I have been able to remind people that I have only a couple of years to do the job."

Mr. Edwardes insists there is no chance of him remaining in an executive capacity at BL after his contract runs out next year. "I owe it to everyone concerned to do what I said I would do—contribute to the group's recovery and then leave it for other people to run. There is a sense of urgency doing it this way which is necessary in the particular circumstances."

"If at the end of three years we have broken the back of BL's problems I will be totally relaxed about its future. I will certainly keep my own shares in BL and I would consider staying on the Board if I am invited to stay. If at the end of three years we have not broken the back of BL's problems because the management was not good enough or the unions were not co-operative enough or the workers continued to disrupt production, then as far as I am concerned I will have failed.

His critics suggest that, while Mr. Edwardes has provided the leadership BL needed, he might have sacrificed the group's long-term future for short-term considerations. This he rejects vehemently. "If you can't bring about logical reform of this group in three years recovery is not going to be *possible. I am not a chap who* goes in to give a company a temporary boost and then pushes off. I have never worked that way. In 27 years at Chloride I did many reorganisations and when I moved on within Chloride each business was stronger than when I went in, often with managers more suited to the on-going running of the operation than I would have been."

Mr. Edwardes is seen by many observers as "a reorganisation man" and there certainly have been major upheavals in the group structure since his arrival. Was it really necessary to have yet another reorganisation at BL, particularly in the car division where much time and *trouble had been employed* bringing the volume and the specialist car business—represented by Austin Morris and Jaguar Rover Triumph—together?

"If I had accepted the advice some people were giving me in January last year and had not split up the car division we would be wallowing today—although I would agree that if we had been prepared to wallow for a year and slowly pull ourselves out of the mud over two years, then at the end of those two years "Leyland Cars" might have been in a reasonably good position.

"But if we had wallowed for that year I think we might have been going out of business now for dealers were defecting at *the rate of one a day in January* 1978. Certainly people close to the company were advising me to get the turnround in morale and in image and in confidence as quickly as humanly possible."

"I know of no quicker way of restoring morale than getting decision-making down the line fast, and to do that required *that not one man be running* the cars divisions but three or four.

"Middle management morale is still low, it will take another 18 months to rebuild. But at least we stopped people leaving — those we didn't want to go — and the dealer network is now right behind us.

"We are a long way from solving our problems but at least we are still in business and the business is more orderly. The Board were saying to me just the other day what a dramatic change there had been in the past year in the way that things are presented to the Board — there is a lack of panic.

"The company used to be perpetually in a panic and even in the three months after the Board changes it was generally panicky. That has been stopped."

Mr. Edwardes has further reduced his workload by giving the line managers much more room to make their own decisions and this has at the same time considerably speeded up decision-making within BL as a whole.

"I do everything by exception. If a top staff man and the line chap agree, I don't get involved. The result is that decisions are being made in this company at great speed now. I will be aware of them by reading minutes—all the minutes of key meetings come through to me—and I will be aware of what has been decided. But I will never interfere with a decision made, given that the top staff people agree with it and that it is within the clearly laid down limits of authority.

"I know of no quicker way of restoring morale than getting decision-making down the line fast."

"That is why I think it is so important in a business to differentiate between line and staff people.

"What we do is quite interesting. We don't say to people 'These are your authorities.' We say 'You have authority to do everything except that we will limit your authority in these ways' and give each of them a document—quite a detailed document—that limits his authority on such things as capital expenditure, levels of salary and so on. So they can do anything except what is specifically limited in writing—and that, of course, is a very big innovation in this company."

The result is that the detailed matters are being dealt with by the Boards of the newly formed operating companies while the main Board can concern itself solely with strategic issues. "It wasn't like that before."

It is obvious from what Mr. Edwardes says that many people have misjudged his motives for splitting the car division in the way he has. There is still a widespread feeling that by isolating the volume cars division, Austin Morris, from the specialist cars business, Jaguar Rover Triumph, A-M's deficiencies in performance could be highlighted, making it possible to put a case for closure or severe pruning.

He does not deny that further pruning may be necessary, particularly if there is irresponsible action by militant shop stewards. But closure of Austin Morris would prejudice BL as a whole. He put forward three strong reasons why "we have got to get Austin Morris right and not wrap it up."

Low profit

First, "Our distributor network in Britain, and in other parts of the world—but particularly in Britain—depends on the range of vehicles we sell and if you took Austin Morris out tomorrow you would lose a lot of dealers, let in foreign makes among our dealers, and Jaguar Rover Triumph, the more-profitable parts of our business, would then suffer. So from a dealer network point of view, even a low-profit Austin Morris is much better than no Austin Morris at all."

The second reason involves scale of production. "The strength of Jaguar Rover Triumph compared with certain specialist car companies in Europe is that it is connected with Austin Morris.

"Jaguar Rover Triumph can be far more successful in the long term as part of a set-up including Austin Morris than on its own."

The third major reason—"and I don't mind saying this because I don't think people feel I am a soft, doctrinaire type"—concerns employment. "There is one hell of a lot of employment to be safeguarded if we succeed with Austin Morris. What I am saying is that I want to run it at a profit and one of the spin-offs of doing that, and one of the very important advantages, is that you secure so much employment.

"You wait. If we get Austin Morris profitable this year—and with a decent production run we can—then suddenly you will find the number of people who have been saying we should close it down will perceptibly decrease, people will forget what they were saying in 1978.

"I am not being arrogant. They could be right. We could end up having to close Austin Morris because the workforce don't go along with us. But given they do co-operate, given that we get facelifts on time, given that we get consistent production, there is a very fair chance indeed that Austin Morris can become profitable soon, even in 1979."

Mr. Edwardes does not accept, either, that the reorganisation process slowed up the development of new products vital for BL's future survival. "Of course the programme was slowed down in November and December 1977 because we had to review it. But, taking the period up to 1980, it now has far more chance of being reasonably on time."

He rejects, too, any suggestions that his arrival in some way scuppered an important pan-European link-up between Renault and BL. The idea, he now reveals, was that Renault would have supplied some major components and even a mid-range car to BL, which in return would have received four-wheel-drive technology and product — Land-Rovers and Range Rovers — *for its international* network. But there were not enough of the vehicles being produced to provide product for both the existing BL outlets overseas and those of Renault, and the expansion programme had not even been put to the British Leyland Board, still less to the NEB and the Government.

"In January 1977 it just was not feasible. We just could not have delivered our part of the proposed bargain and, frankly we would have ended up with a most terrible Anglo-French contretemps over the lack of product.

"Anyone who sees these global collaboration deals as being simple is being naive. Just take the employment situation. To close Cowley and replace it with a built-up vehicle (except under the most excessive provocation from the workforce) just would not be a reasonable thing to do in the context of the UK today. We may come to that but if we do we will have failed in achieving our present plan."

Turning to achievements so far, last year for the first time for a long time BL's capital expenditure was on budget—or it was 98 per cent of budget "and that's pretty good going in any business." But urgent and heavy capital expenditure is the main reason why cash flow cannot be positive for at least the next two to three years.

"What matters is that our cash flow is going according to the plan we lodged with the Government at the time when Parliament voted us the funds in March last year.

"In 1978 we achieved a tremendous amount in terms of employee relations. If we get the fruits of that in 1979 I really believe we are going to talk about profits not in the 1980s, which is what you might expect me to talk about, but in 1979—if the work done last year by the unions, the employee representatives and the management comes through."

And how should we judge Mr. Edwardes' performance when he gives up his executive role next year? He suggests we ask these questions:

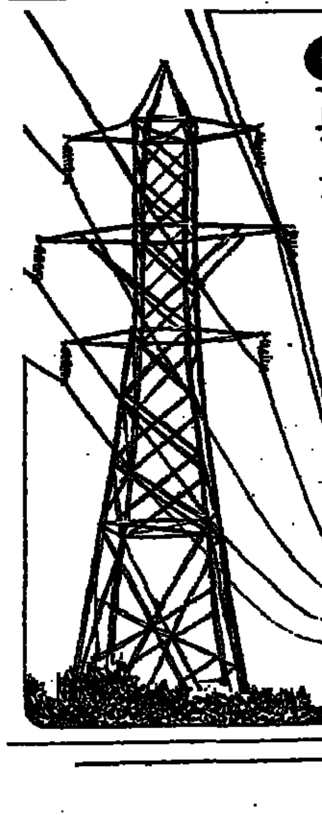
Is the image of BL much better?

Is it the general view that the group is now likely to survive, is the likelihood of its recovery better?

Is it in the black and solvent?

Is there a clear-cut strategy for the medium-car range?

If the answer to all these questions is "yes," he feels that the Board and management team will not have done too bad a job.



FINANCIAL TIMES REPORT

Wednesday February 21 1979

Dunfermline

Only 20 years ago Dunfermline was heavily dependent for employment on a declining industry dating from the industrial revolution—coal mining. Now, an influx of manufacturers, the new motorway and a growing holiday trade have put the district comfortably on the 1970s map

Secure jobs a huge benefit

By Ray Perman
Scottish Correspondent

DUNFERMLINE DISTRICT is that area of south-west Fife that lies just across the Forth bridges from Edinburgh and straddles the main motorway north to the Scottish midlands and Highlands. Paradoxically for an area which has both an illustrious past and an exciting—if not yet predestined — future, most strangers know it from passing quickly through it.

That fact is probably a strength rather than a weakness. The district's good communications are attracting more and more people to stop off. Despite its historic connections as the seat of Scottish kings and its fine countryside and coastline, Dunfermline will never become a rival to the established Scottish tourist attractions, but it does have a growing holiday trade which provides useful additional income. And, more importantly from the point of view of employment, a number of manufacturers in growing industries have been attracted to set up plants.

This influx provided the district with a shot in the arm that it badly needed to overcome a rapid decline in its traditional largest industry. Coal mining, which provided the basis of Dunfermline's prosperity in the industrial revolution, and still, as late as the 1950s, employed half the total workforce, now has only 10 per cent on its payroll.

Uneconomic pits, particularly in the east of the area where no deep mines remain, have been closed leaving only five pits and two opencast sites still operating. There could still be a further cutback in the industry, but the worst is certainly over. Of those collieries that are still producing coal, four are considered viable for the foreseeable future. Two of these, Castlehill and Longannet, are linked into one of the most productive complexes in Britain, serving the huge Longannet power station.

Uneven

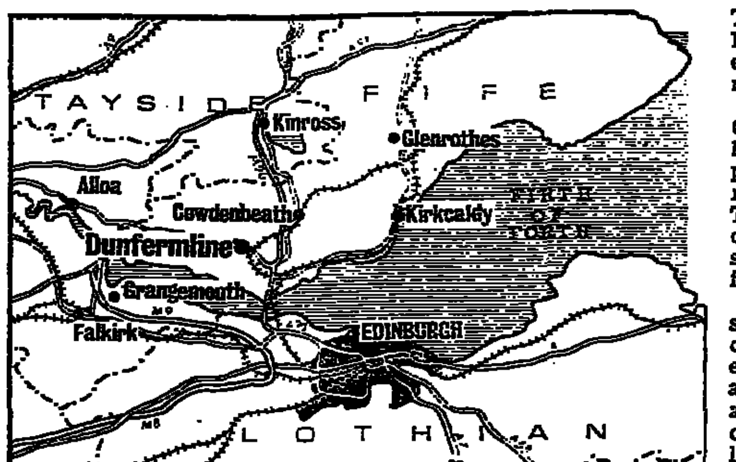
Although it has been uneven in its effect, this rundown has caused remarkably few social and economic problems, as the usual range of indicators show. Unemployment, taken for the district as a whole, remains below the Scottish average and family incomes are keeping pace with the national trend.

Incoming companies have provided new and secure employment in electronics, engineering, clothing and footwear and other industries in growing markets. On this base the present district council intends to build, by attracting new industry through a promotional campaign.

Marconi, largest of the electronics companies in the district, established its first factory at Hillend, an industrial estate close to the M90 motorway, in 1967 as part of its space and defence systems division. It has grown steadily since that time, to the point where it now employs 2,400 people and is the largest private employer in the region.

As an autonomous entity within the Marconi group, Hillend is responsible for the development and production of a range of advanced equipment for military and civil uses. Much of the work is classified, but it does include the manufacture of flight simulators for Nimrod anti-submarine aircraft, Lynx and Gazelle helicopters and the A300 Airbus as well as the sophisticated Clansman vehicle radio, computerised fire control systems for Chieftain tanks and similar equipment for field artillery. With a turnover of more than £30m a year, much of it accounted for by export sales, Marconi Hillend is looking with confidence to the future.

The company has found Hillend an ideal location in which to expand, although with 300 graduate and professional engineers in its research and development department alone and a steadily growing demand for highly skilled workers, there are recruitment problems. "We have tremendous difficulties getting the right people," says Mr. Brian Easdale, marketing manager, "but we know our competitors in other areas are struggling just as much as we are."



Marconi, with Phillips and several small firms, is a source not only of highly skilled employment for the district, but also of opportunities for school leavers and those finishing further education who would otherwise have to move away from Dunfermline to find suitable work. As the centre of a large concentration of electronics companies (with several leading names to the north in Glenrothes new town and to the south in Edinburgh and its suburbs) the district is in a good position to benefit from the promotional activities of the Scottish Development Agency, which will be trying to attract American investment in this field to Scotland with two sales drives in the United States later this year.

Engineering has been an established local industry for many years. The National Coal Board may have closed pits, but it kept open its central engineering workshops, which carry out maintenance and general engineering work for all the board's collieries in Scotland.

The Royal Naval dockyard at Rosyth, the district's largest employer, also has a large number of skilled workers.

Newer arrivals, such as GEC Control Valves, have mostly been in the specialist market of process control equipment manufacture, with two firms, T.K. Valves and the American-owned F.M.C., involved in supplying control equipment for the North Sea oil industry.

The decline of the linen and silk industries robbed the district of some of its oldest-established crafts, but textiles are still represented by Lyle and Scott, who manufacture clothing under the Wolsey lable.

Business

Dunfermline district, like many other areas in the UK distant from London or other large population centres, suffers from the popular prejudice which imagines that everyone associated with it must be provincial. The success of a small company, just a few yards away from Marconi's world-leading electronics factories, belies this impression. Mr. Robin Rennie began Store Design in 1971 with his own savings, the proceeds of the sale of his house and car and a loan from the council. The business now employs 87 people and has expanded its factory eight-fold.

Store Design produces complete interiors for shops and department stores and its rapid rise reflects Mr. Rennie's determination to prove that the best in design and construction of fittings can be matched by a company which does not have to suffer the frustrations of competing for skilled workers in London or paying big city overheads. Indeed, he sees his main competition not in the UK, but in West Germany, and the importance he places on his design team and on continual reinvestment in modern and efficient machine tools indicates that he intends to remain up with the European leaders.

But, although new industry has moved into the district, there are still areas, like Cowdenbeath, that have not yet recovered from the withdrawal of the Coal Board. The Scottish Development Agency, acting through the local council, is spending £2.2m on environmental schemes, clearing derelict industrial sites, replacing topsoil, landscaping and planting. The area is already much cleaner and more attractive, but it still needs jobs.

The prospects could be transformed by Shell and Esso's proposal to build a gas separation plant nearby at Mossmorran, to handle natural gas from North Sea fields which will be brought to the district by overland pipeline from its landfall north of Aberdeen. The planning delays have concerned not the project itself, but the marine terminal which the two companies propose to build at Braefoot Bay on the Firth of Forth.

Whatever the final outcome of the current controversy is, Mossmorran's credentials as a possible location for chemical or petrochemical development have not been challenged. This new industry could prove to be the regeneration of the Cowdenbeath area.

Sites for development are available all over the district, either owned by the district council or Scottish Development Agency, or privately managed, like the Belleknowes estate at Inverkeithing which is being developed by the Standard Life Assurance Company. All the estates have good communications and are supplied with main services.

Improved

Education and housing have improved greatly over recent years. Almost every community within the district now has a playgroup or nursery school and the growth of primary and secondary schools has kept pace with the rising population. Road and rail links with Edinburgh are good enough to bring its private schools within easy reach of day pupils living in the district.

The district council, as housing authority, is building about 300 new homes a year, and this is in addition to the extensive building programme of the Scottish Special Housing Association and of private developers. Dalgety Bay, a privately-built new town on the shores of the Forth, and old-established communities such as Aberdour and Dunfermline itself provide higher-quality private housing.

Waiting for Mossmorran

TWENTY-ONE months have passed since a public inquiry was held in Dunfermline to examine Shell and Esso's plans to build a natural gas liquids separation plant at Mossmorran, Fife, but a final decision has still not been made by Mr. Bruce Millan, the Scottish Secretary.

The plan, which includes the building of an ethylene plant by Esso Chemicals at Mossmorran and a marine terminal a few miles to the south at Braefoot Bay on the north bank of the Firth of Forth is estimated to cost at least £425m.

With the ethylene plant, it offers the prospect of a major petrochemicals complex being established in Fife in an area of high unemployment.

The proposal was generally welcomed by the local authorities, which were anxious to attract new industries to the region, but it ran into fierce opposition from local residents living near the site of the proposed terminal at Braefoot Bay. They have organised a skilful, articulate campaign, which for more than two years has concentrated on the potential hazards the development could bring to local communities living little more than a mile away in Aberdour and Dalgety Bay.

When the inquiry was completed in July, 1977, the oil companies were hoping to receive approval by November, and in a parliamentary answer Mr. Millan suggested that the Scottish Office's response could be forthcoming by the end of the year.

The planning timetable for the project was already tight as Shell and Esso had previously had to abandon their original proposal to build the separation plant at Peterhead, near Aberdeen. They discovered too late that the harbour was unsuitable for loading gas tankers. They had not reckoned, however, with the inordinate delay that has followed their subsequent planning application for the sites in Fife.

The natural gas liquids separation plant is a vital component in Shell and Esso's plans to develop the massive Brent Field, the largest oil field yet discovered in the UK sector of the North Sea. As part of the development plan, the companies agreed a contract with the British Gas Corporation for the supply of a minimum of 500m cubic ft of natural gas a day beginning in October 1980, but that timetable will now be impossible to meet in full.

It is likely to take at least 2½-3 years to build the Mossmorran plant, which means that it is unlikely that Shell will have found a fully satisfactory substitute way of exploiting the natural gas liquids by the time it is supposed to begin fulfilling the British Gas contract.

The Brent Field has estimated recoverable reserves of some 2bn barrels of oil—including 600m barrels of condensate and natural gas liquids—and about 3 trillion cu ft of natural gas. At peak production it could meet as much as 30 per cent of UK oil consumption and 15 per cent of UK gas consumption.

The field is large by any standards, but the particular combination of hydrocarbons discovered in the Brent reservoir, 100 miles to the north-east of the Shetland Islands, has necessitated a development programme that in complexity rivals any in the world.

It is perhaps ironic that Shell and Esso should have run into one of their most time-consuming problems in the whole project onshore in the shape of the two small communities living in Aberdour and Braefoot Bay on the shores of the Firth of Forth.

Delays

The NGL plant and marine terminal planned for the area are the parts of the Brent jigsaw furthest away from the field, but they are a vital part of the overall plan and delays here have repercussions for the whole project. After the planning inquiry held in Dunfermline in the summer of 1977, Shell, as operator for the Brent development, had hoped to move in the first bull-dozers in the spring of last year.

It had not counted, however, on meeting quite such articulate, well-organised opposition as has been offered by local protest groups. Neither could it have foreseen the series of events, some tragic, some farcical, that have occurred since the inquiry and have served to further complicate the decision facing Mr. Millan.

Shell received provisional planning permission from the Scottish Secretary last March, but it was conditional on him receiving further evidence on the subject of hazards that could be caused by sparks from nearby radio transmitters. The objectors have made sure that Mr. Millan does not forget where his responsibilities lie. On one occasion last year he was actually taken to court in order to make him release some specific information about this aspect of the project. The objectors won their case.

The oil side of the Brent Field development is progressing, despite current hold-ups caused by the strike of offshore construction workers on the North Sea platforms, which is holding up work on the four Brent platforms. The first oil started to flow last autumn through the Brent pipeline system to Sullom Voe from the Dunlin Field, and the Cormorant and Brent Fields will follow later this year.

To date, the Brent platforms that have been producing oil have been loading into tankers at the field. But Shell hopes to have at least the pump station on Brent C in operation by the summer to enable oil to begin flowing for the first time directly from the field to the Sullom Voe oil terminal in the Shetland Islands.

It is the gas side of Brent production, however, that is presenting the problems, rather than the oil. Brent has one of the highest ratios of gas to oil in the North Sea and for many months to come it is the associated gas that is going to determine the pace at which the oil is produced.

Shell/Esso's contract with British Gas calls for natural gas (methane) deliveries to the corporation's terminal at St. Fergus to begin in October 1980 at a minimum level of 500m cubic feet a day.

It is with this contract that Shell faces its most immediate problem as it tries to synchronise the completion of widely differing projects within the Brent development, each involving in its own right an investment of several hundred million pounds. Shell's gas terminal at St. Fergus, to the north of Aberdeen, is already under construction. Costing at present estimates a little over £100m, it should be ready by the middle of 1980.

This plant is designed to take out the natural gas stream, allowing the remaining natural gas liquids to be piped south to the proposed separation plant in Fife. This plant would then break down the liquids into the various components, ethane, propane, butane and natural gasoline. The overall plan calls for the construction of an ethylene plant by Esso Chemical next to the gas separation plant. This would consume the ethane as feedstock. The other gas liquids would be piped to Braefoot Bay for export shipment.

The propane and butane should find ready customers in the fuel markets of Western Europe and North America.

But the residents living around Braefoot Bay object. They refuse to accept that a terminal for the shipment of potentially dangerous substances such as liquid petroleum gases (butane and propane) and liquefied chemical gas (ethylene) should be built within 1½ miles of their homes. They refuse to accept evidence presented by Shell, Esso, Esso Chemicals, the Health and Safety Executive and various engineering consultants that the plants and the terminal will be built to the very highest standards and will meet all standards of "acceptable risk." Acceptable to whom, they ask.

The local residents apparently suffered a defeat at the planning inquiry when Mr. Millan finally agreed to give the provisional planning permission. The only outstanding worry to be settled concerned the hazards of sparks from radio transmitters sited in the vicinity of Braefoot Bay.

The concern first surfaced in relation to another plant that had already been built at St. Fergus. An embarrassed Government was told that its £8m Royal Navy transmission station at Crimond, newly built with financial aid from its Nato allies, could be a potential hazard to the nearby St. Fergus gas treatment plants. Transmissions could cause sparks, which might ignite any leaking gas.

Within the remit of the Dunfermline planning inquiry this danger is the only outstanding issue to be resolved. Reports have been prepared by the oil companies, by the Health and Safety Executive and by the protesters on the matter and all have been lodged with the Scottish Office for several months. But to no avail.

It has become apparent that for the Scottish Office the decision is more than a technical, planning matter. It has taken on decided political overtones. In the months since the inquiry, several events have occurred around the world, which have underlined the hazards present in the movement and storage of liquid gases under pressure. A gas plant similar to the one planned for Fife exploded in Qatar, in the Middle East.

Dangers

Since then a series of road and rail disasters in America, Spain and Mexico have emphasised the potential dangers. No road or rail links are planned for Fife, but such disasters could only help the protesters' case.

While the Scottish Office procrastinates, however, Shell and Esso can only wait, caught up in the middle stages of a project vital to Britain's future energy needs, and involving at the last count an investment of some £3bn.

Shell is considering two temporary ways of disposing of some natural gas liquids, which will allow it to begin delivering some natural gas to British Gas. The first method will be to burn natural gas liquids as fuel at Peterhead power station, which itself is still under construction. This would only be a partial solution, however, and much of the value of the gas liquids as *premium fuels or petrochemical feedstock* would be lost.

The second method of disposal is to build a pipeline link from St. Fergus to British Petroleum's nearby crude pipeline, which leads from the Forties Field to Cruden Bay and then overland to the Firth of Forth. This is still under negotiation, but if the talks are successful, Shell will have won a little more time to wait for the Scottish Office's decision.

If the decision should go against them, they will face years' more delays as they try to find another site—perhaps the Cromarty Firth—and have to go again through the *whole* planning procedure. At the same time, Fife could lose the last chance of attracting major petrochemicals developments to the region.

Kevin Done
Energy Correspondent

High Street, Dunfermline

Rosyth should have a secure future

SERVICING WARSHIPS is a major industry which has grown on the Forth estuary as a legacy of two world wars and cold relations with the Soviet Union. The Royal Naval dockyard at Rosyth, some three miles south of Dunfermline, is where the British nuclear deterrent is kept sharp and an important part of the Royal Navy's patrol strength is based and maintained.

More than 6,000 civilians earn their livelihood at the dockyard, which pumps millions of pounds annually into West Fife and has taken over from coal mining as the area's chief employer. It was not until shortly before the First World War that the shrewd eye of a defence chief alighted on Rosyth, then little more than a flat stretch of pasture tucked behind the Forth Railway Bridge. The contract went out in 1909 and about 300 acres were recovered from the sea and a stout sea wall built. As war approached, 3,000 men worked day and night developing the network of docks and building some 5,000 houses for seamen and dockyard workers. Rosyth eventually took over from Scapa Flow as a base for the Grand Fleet Dreadnoughts.

Efficient

Rosyth grew out of the fields, an instant town grafted on to the ancient burgh of Dunfermline with rows of very English-looking houses and a strong hint of Chatham, Portsmouth and Devonport in the accents of the people living there. Soon after war was declared the First Sea Lord declared that Rosyth was quite the most efficient dockyard in existence. In the following years many famous warships bore their battle scars into the dockyard for repair, the battered vessels of the Grand Fleet came in from Jutland, *among them the super-Dreadnought Warspite*, hit 18 times and her dead still on board.

In three years of that war Rosyth ran to the repair of 78 capital ships and more than 100 lesser warships. But with peacetime the dockyard was allowed to languish. With no shell-buckled steel to unbend or Dreadnoughts to maintain in peak seaworthy condition, Rosyth went on to a care and maintenance basis. Entire streets in the neat estate nearby fell vacant and it was not until the shadow of war once more threatened that the service families and the dockyard craftsmen moved back in and Rosyth was recommissioned to fight another round.

The "Garden City" expanded and has been a lively community ever since as Rosyth proved an even more important strategic centre with the proximity of the North Sea oil fields, the controversial fisheries boundaries and the massively enlarged Soviet Navy operating in the North Atlantic. As military experts grant Scotland an increasingly important position in the Nato defence system, then Rosyth becomes ever more a principal cog in that network. Added to this strategic position is the yard's specialised skill at refitting the four British Polaris submarines, the only British yard to undertake such work. The future would seem assured in spite of defence cuts particularly if the nuclear deterrent continues to be submarine-launched. Of the six nuclear submarine refits which have taken place at Rosyth, each costing some £50m and lasting 18 months, all have been completed on time. This record has deeply impressed and has hardly been bettered by the American yards although the critical priority given to the Polaris refits has led to problems elsewhere at the dockyard.

Rosyth has not escaped the industrial relations turmoil which erupted in other parts of the British ship building and ship repair industry. Some suggest that the boundaries between the large number of unions represented at the yard and the demarcation between particular jobs are as rigidly and damagingly drawn as the battlelines at Jutland.

They certainly have not followed the flexible example lately set by the civilian yards on the Clyde. Rosyth workers, including newly-fledged apprentices whose four year training at Rosyth is recognised as being second to none because of the quality required, have been tempted away by the large pay packets offered at civilian yards building the hardware for the North Sea oil industry.

These workers have been willing to trade higher pay for less security and the present shortage of about 150 skilled personnel has been given as a principal reason for the loss recently of a £3m order at the yard. The Ministry of Defence put a completion date of 1981 on the submarine shock test vehicle used to discover how submarine equipment withstands underwater explosions. The yard was unable to guarantee delivery before 1983 chiefly because key trades were required for higher priority work. This same shortage has put back the completion date of the major refit on HMS Londonderry by six months and also means that the current work on HM Submarine Ocelot is almost certainly the last refit of a conventional submarine that will be carried out at Rosyth.

Announced

Mr. Jack Bedbrook, general manager of the dockyard, recently announced that no further conventional submarine would undergo refit at Rosyth but that the trade union representatives had been approached to discover ways of keeping the submarine shock test vehicle at the yard. Trade imbalances and pay rates which compared unfavourably with the oil-related industry outside the yard had caused difficulties but he seemed confident that all sides were determined to solve the problems. There was no immediate threat to jobs at Rosyth because of decisions taken by Dockyard Headquarters at Bath over the yard's programme of work. In a statement, Mr. Bedbrook said: "The Navy has more than enough work to keep this and all Naval dockyards in full employment. It is a case of management and trade unions hammering out a way to secure the future."

Rosyth as a base for commissioned warships shelters minehunters, fishery protection vessels and the island class patrol vessels now entering service. The lanes leading to the dockyard are busy with a wide variety of warships often from countries which are partners in NATO.

But ashore the most tangible recent indication of a long-term future for Rosyth has been the £10m ship-lifting facility now being installed which will allow vessels of up to 1,600 tonnes to be physically lifted from the water and transported to covered workshops where up to five vessels can be worked on simultaneously. The "Synchrolift" will replace three old floating docks and should be commissioned in 1980. Selection of Rosyth for the facility is hardly a sign that the Dockyard Headquarters in Bath have any thoughts about putting the dockyard back into its mid-war mothballs. Given the heavy workload and the modern equipment which exist and a more flexible agreement with the workers, *which is now being actively sought*, the Royal Naval dockyard should have a secure future.

Paul Prescott

LOMBARD

When America catches cold

BY ANTHONY HARRIS

ONE OF THE more durable beliefs in the City is that Wall Street interest rates are one of the most important influences on rates in other places. For six years, ever since President Nixon floated the dollar, economists have been inclined to sneer at this as a piece of folklore. They have painstakingly explained that under a floating regime, monetary policy becomes autonomous. Yet the market goes on watching Wall Street; and markets don't make mistakes—not for long.

If there is a link, though, how does it work? The first fact to take into account is, of course, that we do not live in a world of clean floating, but of very dirty floating. In the last two years official exchange intervention has been more than enough to offset the U.S. current account deficit, and has indeed accommodated large capital flows too. This offers a very simple linkage of the old-fashioned gold-standard kind. When U.S. policy is over-expansive, money floods into other countries and drags interest rates down there too. One can equally imagine that should the Fed ever tighten sufficiently to drag in a large flow of funds from overseas, and intervention goes the other way, tighter U.S. credit could raise interest rates in Germany and Japan, say.

Hidden oddity

This is all so obvious that it may hardly seem worth saying; but there is a hidden oddity. This statement is a perfectly good description of what happens between the U.S. and Germany, but a completely wrong description of what happens between, say, Denmark and Germany, where intervention is actually prescribed by the rules of the currency snake. When the Germans have to support the Kroner, the tendency is to depress interest rates in Germany (though only marginally) but to raise them in Denmark. It is equally true of course that our own interest rates shot up when the pound was under attack. The reason is simply that a loss of funds across the exchanges tightens credit fairly automatically. It is also generally true that money supply growth tends to undershoot even modest official targets at such times.

The peculiarity, then, is the peculiarity of U.S. monetary policy. This is deliberately designed to insulate U.S. domestic conditions from flows across the exchanges. These rules were appropriate when there was a world dollar shortage: if the U.S. was providing most of the growth of reserves, this process could not be allowed to cause a prolonged recession in the U.S. itself. The same approach has been very handy during a period of what is politely called benign neglect, and has in fact been an offensive one designed to get the D-mark and Yen exchange rates up. Incidentally, if the Germans and Japanese had been less willing to intervene on the exchange markets, the same result would have been achieved without such a vast growth in world liquidity, and U.S. policy would probably have tightened a bit earlier, to the great benefit of the U.S. current account.

However, like the Irishman, we have to start from where we are, not from where we might have wished to be: so where do we go from here? It would be nice to think that if everyone would stop intervening, and leave exchange rates where they are, the U.S. would at last become like any other country, able to pursue an appropriate domestic policy without causing waves all over the world. But after vast speculation against the dollar—private holders selling to the Bundesbank, the Swiss and others a dollar recovery which is at all sustained will provoke a portfolio adjustment the other way.

Given the fact that the Germans would no doubt love to check the growth of their own money supply by disbursing unwanted dollars from their swollen reserves, and that dollars will sooner or later be in demand both to finance capital flows and pay for U.S. exports, dirty floating is still very clearly in the tea leaves;

British policy

Does this mean us? Since it is basic British policy to float cleanly, you might hope that we could sit this one out; and indeed it is even possible, if oil prices go on rising, that the North Sea will be so big an asset that sterling will be attractive even at sub-U.S. interest rates. Even then, though, U.S. rates will be the point of reference. In a dirty-floating world the Fed's apparently isolationist policies still give it a unique influence on markets everywhere.

The saving grace of a cottage

GARDENS TODAY

BY ROBIN LANE FOX

SOME ADVICE, this week, for those of you who own a cottage away from it all and bless your luck that you do not actually have to live there while the weather is warmer outside than inside and the ice is forming in the sofa cushions. Perish the thought that I should ever be landed with such a home. That horribly English combination of damp plaster, low-flying beams and adventure-staircases for the weekend is quite lost on me. I do not want a house which looks like a tea-pot.

The garden, of course, would be another matter. Several of you have written to ask how you can recapture the spirit of the old cottage garden at points between Westmoreland and the Dordogne. There are a hundred ways of going about it, but I have some views, having watched a neighbour whose own cottage-garden grows anything from chickens to early beans under glass cloches and puts me entirely to shame.

The fashion for cottages seems to have taken root in that age of all ills, 1810-1830. Repton and Nash have a lot to answer for. They dignified the labourer's home by a romantic revival of all that makes me run most quickly for cover in the fairy world of modern interior design. Not just gothick, with stress on the "k," but Tudor-bethan revival, orné thatch, whimsical black and white boarding and tile-hung rusticity. This sell-out by respectable architects led straight in to the fancies of the Victorian villa-suburb, one of the most regrettable turnings in the history of our towns. Nowadays, we have to pretend to like it because it is old. The cottagers' gardens, fortunately, have been left to go their own way.

There are certain things that a good one should have. Standard rose trees come high up on the list. You can see what I mean from a photograph in Miss Jekyll's old Wood and Garden (1900). Just such a standard rose is being tended by what she calls a "good-wife." In the chapter between her deeply Freudian reflections on log-splitting and her advice on how to treat employees. Do not forget that good rose-nurseries sell all manner of roses as standards on a long stem. The modern oranges and Icebergs are quite wrong. Go for a smaller-flowered double variety. Little White Pet being excellent if you can find it. This small white rose continues to show button shaped flowers from July till October, throwing up rose-bed buds as a contrast. David Austin Roses of Albrighton, Wolverhampton, have been selling it as a standard.

If you want a bigger flower, do not miss thestandard form of New Dawn, that lovely silver pink climber which opens so usefully late. Try not to buy a weeping standard, as it tends to blow loose in the wind and to be grafted onto too long a stem. A semi-standard New Dawn is just right. Six or eight in a line at regular intervals can dignify any flowerbed or line any cottage-path. Sad to say, the heavily-petalled old roses are no longer trained up by most growers to the height which Miss Jekyll's "good-wife" favoured. But a cage of four tall stakes interlaced with wire is still a fine home for some of them. My favourite is still the deeply-scented Mme. Lauriol de Barney, a large-flowered silver pink. She trains upwards very well. But there are many others, dark red Gipsy Boy, Tour de Malakoff, Variegata di Bologna and so forth.

Around these firm focal points, you have to have masses of flowers. In this sense, a true cottage garden is not the easiest style for a week-end gardener. You do not want too much space, but it should be universally cultivated with next to no lawn and suitably worn paths. Concrete slabs are usually incongruous. Early paths, thoroughly poisoned, have history in their favour, especially if you lay a thick base of cinders and edge them with upturned stones. Cottage paths never used to wind and zig-zag until the middle classes got hold of them. Cottage gardeners were practical fellows who wanted to waddle directly from A to B. Eschew fancy curves and "island" beds. They belong with mock windmills, ornamental milk-maids, and ponds for gnomes. None of these belong in a cottage garden.

How, then, do you contrive a mass of flowers in a small space without taking on too much work? There are certain creepers and covers which are quite in keeping with their surrounds. The yellow-green flowered ladies mantle is the most invaluable. It seeds itself everywhere and excludes all weeds. In a shady border, the old spotted dog, or pulmonaria, has the right air. The pink and blue flowers are a joy in April, but you should then pull out the leaves as they soon become ragged. It mixes well with clumps of lily of the valley, an essential plant for cottage gardens and one which should be fed heavily. Obligingly, this delicious flower prefers shade. You can plant it any time now.

Rivers of Aubrietia have been popular in the Cotswolds, but I think they can be overdone. Do not have too much. Thymes, sun roses and good runs of viola cornuta and the rampant blue campanula "muralis" are more harmonious choices. The lemon-yellow and buff-coloured alyssums are more alluring than the mustard-yellow. All these plants will block out annual weed and save you some of the bother.

Remember that your ideal should be a formal plan, quite unfussy, with a profusely informal planting. There is a tendency to grow one or two of everything and excuse it as a cottage-style. But the best rustic gardeners seemed to me to have a firm base of three or four old favourites which they used en masse. My choice would be pinks, ladies mantle, and as many hundred aquilegias as you can raise from seed: these fine flowers can be tucked in anywhere. The main border plants, rather, were used among them in random clumps of twos or threes, here an iris, there a tall bunch of delphiniums and a double-flowered peony or two. Heights do not matter too much. If you divided a small plot with two straight paths, one crossing the other in the centre, you can then plant up the four beds at their intersections with plants of quite random height. Vegetables and raspberry-canes go in with the rest. The mixing of flowers and vegetables is a far truer touch than an art nouveau beehive bought in a limited edition.

Flowers from seed are troublesome but crucial. The biennials which you sow in May for the following year are all excellent. Sweet William and Canterbury Bell are to me the high spots of the cottage plot. But salvia turkestanica and evening primrose are their equals, while there is always room for a well-coloured clump of hollyhocks. Annuals, of course, are no less important, especially those which you can tuck in anywhere, like love-in-a-mist and the precious nasturtium. Place a few evergreens, for emphasis, above the spreading rosemary, then plant up drifts of these two summer flowers. Add well-grown stocks and as many sweet peas as you can manage. Fennel, yellow verbascum and the low-growing hyssop are superb perennial companions. Go for plants which are emphatic in shape and outline among your mass of familiar summer annuals.

If you want ideas, the red, yellow and orange cottage garden at Sissinghurst Castle, in Kent is still the most fertile source of them, especially if your cottage is of brick. For it sums up one general lesson. You should try to create informality in a formally-planned space. That is never done by indiscriminate profusion.

Good prospects for Windsor

RACING

BY DOMINIC WIGAN

ALTHOUGH the field for this afternoon's Fairlawne Chase at Windsor has been weakened by the withdrawal of 10 candidates including Gay Spartan and Gaffer, it will be disappointing if racing is called off because there is an intriguing race in prospect for the Hatch Bridge Hurdle.

I think there is likely to be a closely fought finish between Salutiferous and Ahmadi.

A Welsh Pageant gelding, trained by Fred Winter, Ahmadi receives 6 lbs from Salutiferous.

The first-named, the sole four-year-old hurdler in Michael Stoute's 80-strong Newmarket string, has made just one appearance to date over the minor obstacles.

Two months' ago at Fakenham, the chestnut Sallust colt, a more than useful performer on the flat, justified heavy support with a fluent win in the Cromwell's Night Club juvenile hurdle.

Sent into the lead at the sixth flight, in the capable hands of Steven Smith-Eccles, Salutiferous settled matters with a decisive turn of foot after clearing the penultimate flight. Kept up to his work on the run-in, the Beechhurst colt passed the post with eight lengths in hand of Derring Gift, who, in turn, had the remaining 16 runners well strung out.

Although it is difficult to judge the value of that form Laaken's subsequent third-placed effort behind Ment More and Ahmadi at Fontwell, suggests that Salutiferous put up a more than encouraging display for a colt making his debut under National Hunt rules.

Although Gay Spartan's stable companion, Silver Buck, will be a popular choice in the Fairlawne after four successive victories, I intend taking a chance with the New Zealand bred Purdo who should be ideally suited by the three miles on this sharp track.

WINDSOR

2.30—Well Oiled
3.00—Salutiferous***
3.30—Purdo*
4.00—Breemount Don
4.30—Mace The Ace**

Wexford plant to expand

COW AND GATE IRELAND, a wholly owned subsidiary of Unigate, is to spend £2.2m on modernising production and expanding capacity at its baby food factory in Rocklands, Co. Wexford, creating an estimated 30 additional jobs.

The main items of expenditure will be new production equipment, and the improvement of storage facilities.

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.38 For Schools, Colleges. 10.45 You And Me. 11.00 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Fingerbobs. 2.01 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School (As BBC-2 11.00 am). 4.20 Touché Turtle. 4.25 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.05 Graham's Gang. 5.35 Noah and Nelly.

5.40 News (London and South-East only).
5.55 Nationwide.
6.20 Nationwide from Scotland and Wales.
6.50 Noel Edmonds' Lucky Numbers.
7.35 Morecambe and Wise at the BBC.
8.05 The Aphrodite Inheritance.
9.00 News.
9.25 Sportsnight.
10.15 The Risk Business.
10.55 Tonight.
11.35 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Scotland—11.00-11.20 am and 2.18-2.38 pm For Schools. 5.55-6.20 Reporting Scotland. 11.35 Weatherman. 11.36 Referendum Report. 11.46 News for Scotland.

Wales—2.18-2.38 pm I Ysgolion. 5.05-5.35 Bilidowcar. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.05-7.55 Ar Y Brig. 11.35 News and Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.35 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
10.20 Gharbar.
10.45 Parosi.
11.00 Play School.
4.50 pm and 5.40-6.55 Open University.
6.55 Tales from Hoffnung.
7.05 Top Table.
7.40 Mid-evening News.
7.50 The World of Rugby.
8.15 The Money Programme including a special report on oil revenue.
9.00 M*A*S*H.
9.25 Where We Live Now.
10.25 The Innes Book of Records.
10.50 Jean Renoir—a tribute.
11.25 My Kind of Movie: Sir Peter Hall on "The General."
11.30 Late News.
11.45 Closedown: Reading: "Ode on the Death of a Favourite Cat," by Thomas Gray.

LONDON

9.30 am Schools Programmes. 12.00 Cloppa Castle. 12.10 pm Rainbow. 12.30 The Cedar Tree. 1.00 News plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 3.20 Kitchen Garden. 3.50 Letter By Letter. 4.20 How. 4.45 Park Ranger. 5.15 Little Vic.

5.45 News.
6.00 Thames At 6.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 Leave It To Charlie.
8.30 Take My Wife.
9.00 Once In A Lifetime.
10.00 News.
10.30 Mid-Week Sports Special.
11.40 Guinness Golden Darts.
12.10 am What The Papers Say.
12.25 Close: Peter Henry-Jones reads from the writings of Mao Tse Tung.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 2.25 Family. 5.15 Mr. and Mrs. 6.00 About Anglia. 11.40 The Company Men. 12.40 am The Big Question.

ATV

1.20 pm ATV Newsdesk. 5.15 The Rolf Harris Show. 6.00 ATV Today. 11.40 A Twist in the Tale.

BORDER

†1.20 pm Border News. 2.00 Houseparty. 2.25 The Family. 5.15 The Rolf Harris Show. 6.00 Lookaround Wednesday. 11.30 The Practice. 12.00 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's on Where. 2.25 Family. 5.15 Emmerdale Farm. 6.00 Channel News. 6.10 Funky Phantom. 10.28 Channel Late News. 11.30 SWAT. 12.26 Epilogue followed by News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 10.30 Streets of San Francisco. 11.40 Reflections. 11.45 Westside Medical. 12.40 am Grampian Late Night Headlines.

GRANADA

1.20 pm This Is Your Right. 2.00 Live From 2. 5.10 Max the 2,000-year-old Mouse. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Give Us a Clue. 11.40 What the Papers Say. 12.00 The Practice.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 11.40 Barnaby Jones.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20-4.45 Rydw I am Fod . . . 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road and Weather. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Report—looking at the future of Scotland's power supplies. 10.30 Referendum '79. 11.15 Late Call. 11.20 Love Story.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 Young Ramsay. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day by Day. 6.20 Scene Mid-week (South-East area only). 11.40 Southern News Extra. 11.50 The Electric Theatre Show.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Where The Jobs Are. 5.15 Laverne and Shirley. 6.00 Northern Life. 11.30 Police Surgeon. 12.00 Epilogue.

ULSTER

1.20 pm Lunchtime. 2.25 The Electric Theatre Show. 2.55 The Untamed World. 4.18 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 9.00 Eritrea. 11.40 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 Family. 5.15 Emmerdale Farm. 6.00 Westward Diary. 10.28 Westward Late News. 11.40 SWAT. 12.30 am Faith For Life. 12.35 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 5.15 Mr. and Mrs. 6.00 Calendar (Emley Moor and Belmont editions). 11.40 Electric Theatre Show.

Radio Wavelengths

1	1053kHz/285m, 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m, 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast.
‡ Medium wave.

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.00 Radio 1 Mailbag. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Steve Jones (S). 7.32 Terry Wogan (S), including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 Ray Moore (S). 6.45 Sports Desk. 7.02 Robin Richmond (S). 7.30 Listen to the Band (S). 8.15 The Magic of the Musicals (S). 9.02 The Impresarios. 9.55 Sports Desk. 10.02 The Grumbleweeds. 10.30 Frank Ifield says Be My Guest. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music with Bill Rennells (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composers: Andrea and Giovanni Gabrieli (S). 9.45 Cello and Piano Sonatas (S). 10.30 Music for Organ (S). 11.15 A Russian Wind Ensemble (S). 11.50 Midday Concert (S). 1.00 pm News. 1.05 Concert Hall (S). 2.00 Symphonies From the New World. (S). 3.00 The Shostakovich Quartets (S). 3.55 Romanian Folk Music. 4.35 Hummel chamber music concert (S). 5.10 Young Music-Makers (S). ‡5.25 Homeward Bound. ‡5.45 News. ‡5.50 Homeward Bound (continued). ‡6.15 At Home: Schnabel plays Beethoven. 7.10 "Play of Daniel" Liturgical drama (S). 8.00 BBC Symphony Orchestra, part 1 (S). 8.45 The Arts Worldwide. 9.05 BBC SO, part 2 (S). 10.05 Scientifically Speaking. 10.50 A Time And A Place (S). 11.55-12.00 News.

VHF ONLY 6.00-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today: Magazine, including 6.45 Pray for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 The Living World. 9.35 On Location. 10.00 News. 10.05 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 About Face. 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 Tell Me Where It Hurts (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre (S). 3.50 Choral Evensong (S). 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.50 Weather; programme news. 6.00 News. 6.30 My Music. 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Bayreuth: The Wagner Opera House and its Festival. 8.45 Analysis: You can take a Neddy to water . . . 9.30 Today in Synod. 9.35 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Movie Moguls (Samuel Goldwyn). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 In Concert. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time. From 1.05 As Radio 2.

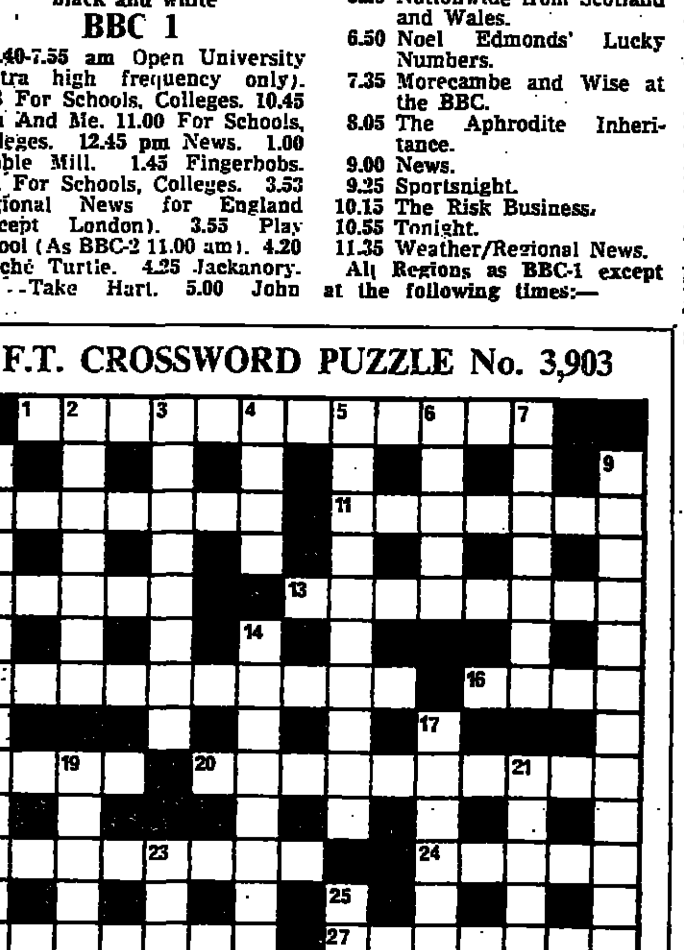
London Broadcasting

5.00 am Morning Music. 6.00 AM: News, Information, Travel, Sport. 10.00 Brian Hayes. 1.00 pm LBC Reports. 3.00 George Gale. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline with Alan Nin. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,903



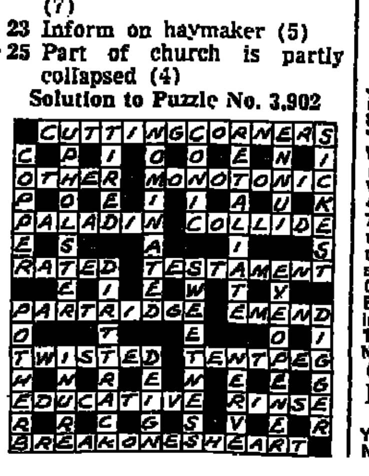
ACROSS

1 Criterion the French politician follows could be illuminating (8, 4)
10 He takes notice, being the boss (7)
11 Oriental as cats and twins may be (7)
12 Saint may get exhausted when out (5)
13 Distressed with silver on wrong side (8)
15 In ice-cap of attractive significance (5-5)
16 I'd left Oriental to be lazy (4)
18 Character on stave in panic left (4)
20 Train to reserve for use by children (6-4)
22 Transferred when endorsed (8)
24 Coach could be one part of it (5)
26 Rubbish found in first of buses in garage (7)
27 Allowance given in boarding-house? (7)
28 I'd return south with contract in difference of opinion (12)

DOWN

2 Proposer of health to flower (7)
3 Greek province having French name and unusually chary following (8)
4 Rash airman going to the north-east (4)
5 One who names plot on a hill (10)
6 A win once more (5)
7 Grateful for entreaties to editor (7)
8 What the butcher may give in vicissitude (4, 3, 6)
9 Late calculation made by sailors (4-9)
14 Stolen breakfast food? (7-3)
17 Metal put Milan in disorder (8)
19 Made certain to be safe in the end (7)
21 Eggs changed into applause (7)
23 Inform on haymaker (5)
25 Part of church is partly collapsed (4)

Solution to Puzzle No. 3,902



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. ENGLISH NATIONAL OPERA.

COVENT GARDEN. THE ROYAL OPERA. THE ROYAL BALLET.

DOMINION. LONDON FESTIVAL BALLET.

FRENCH INSTITUTE.

SADLER'S WELLS THEATRE.

THEATRES

CINEMAS

ART GALLERIES

CLUBS

O'Keefe Centre, Toronto

Canadian Ballet Gala

by CLEMENT CRISP

The National Ballet of Canada has just started a month's season in Toronto. Despite the rigours of the direst winter the city has known in decades—last Friday night the local television station urged people to stay at home rather than risk the paralysing cold brought by arctic winds—audiences at the O'Keefe Centre could not have been warmer or more enthusiastic.

Chief jollification was a gala on Valentine's Day with the company and its guest stars in festive form. The opening *Les Sylphides* suffered from gala nerves—a later performance was more relaxed and airy in manner—but it featured one interpretation of real distinction. This was Mary Jago's view of the Prelude, in which she shaped this most difficult solo with a sensitive "inspirational" musicality. At every moment I felt that Jago was listening to the score, impelling her dancing along its phrases, moulding her interpretation with no fuss or mannerism. Here the ballet had the wings it elsewhere lacked.

There followed the usual stellar filling to a gala sandwich—one of those Pelion on Ossa centres in which the fouette can often drown every other flavour. But for this evening the balance was rather better maintained. Marcia Haydee and Richard Cragun were on hand in two duets to demonstrate what I now feel is a supreme artistry in the partnerships of our time. They first romped through the pas de deux which John Cranko devised as an essence of Kate and Petruchio's love affair—a quick guide to the whole of *The Taming of the Shrew*. As with Alfred Lunt and Lynn Fontanne, Haydee and Cragun are artists absolutely attuned to each other, their responses never automatic, but vivid, and as indissolubly right as bacon and eggs, or Gilbert and Sullivan.

What could be more adorable than Haydee's Kate as she starts in combative mood — Kid Marcia, the terror of the ring, dodging, feinting, belabouring Cragun's back and suddenly dabbing at him with a gentleness that bespeaks a world of love as yet unexpressed, beating her lovely head against the brick wall of his amused acceptance of her antics. Ideal is Cragun's mocking air, suddenly shattered by Haydee's flouting of the Queensberry rules as she stamps first on one of his feet and then the other; his riposte of pulling her feet from under her unleashes the unseemliest and funniest brawl in ballet. But if the comic resource of their playing is wonderful, so too is their dancing. Cragun rocketing in grand leaps, whipping off triple *tours en l'air* as if they were the simplest of activities, deploying the prodigious resource that make him one of the great dancers of our time, unites virtuosity and artistry. Haydee complements him at every moment with dancing of lovely limpidity; emotion is precisely focused in a style that is characterised here by a spit-fire attack. Haydee can be wildly funny, yet she remains beautiful because what shines through her every action is a spirit great in its sincerity as in its dramatic force.

Marcia Haydee and Richard Cragun in "The Taming of the Shrew"

In a second number, the *Légende* that Cranko made for them to Wieniawski's score of the same name, Haydee poured out a world of meaning into a simple *pas de bourrée*, and drifted and soared in Cragun's arms in an outpouring of ecstatic feeling. The piece is a summation of that instinctive rapport which unites these two marvels, and we can but be grateful for their dancing—and lost in admiration of a partnership that finds Cragun spinning gloriously, then catching the darting figure of Haydee on the wing: a moment of bravura that makes the catch-as-catch-can manner of *Spring Waters* seem like circus stuff.

The National Ballet's own stars, Karen Kain and Frank Augustyn, involved themselves with the *Don Quixote* pas de deux, without which no gala is allowed to be a gala. Kain is not best suited to such taradiddle; her style is so youthfully nice and she seemed below her technical best. Augustyn showed far more presence as a premier danseur than on my last viewing of him, and he evidently understands that a lion-tamer's approach is the best way of dealing with the matter: one flicker of fear and the beast will devour you: treated masterfully, it will go through its paces.

A display of the authority needed in such concert items was given by Noella Pontois and Peter Schaufuss in the *Corsaire* duet. Pontois is too little known to Anglo-Saxon audiences. A decade ago she appeared in London with Festival Ballet, affirming herself a dancer of exceptional assurance. Now the leading *étoile* of the Paris Opéra, she dances with impeccable ease and crystalline tone. In the nonsense of *Corsaire*—wherein she opted for a variation from *Paquita*—Pontois revealed a most refined style, for even in such circumstances, breeding will out. Pontois exemplifies the very best qualities of the Franco-Italian manner that has developed at the Opéra since the turn-of-the-century days when the technical example of such Milanese ballerine as Zambelli and Boni vanquished the earlier French manner. Brilliance in pirouettes, complete control in balance, a feminine charm and delicacy, brightly sparkling points, all are the outward signs of the style, and delightfully present in Pontois' dancing. I have rarely seen an artist so aptly to be described as diamond-like: Pontois' schooling—glittering, brightly faceted—shines superbly.

With Peter Schaufuss as her partner there came the intriguing complement of the style of dancing that France has lost. Schaufuss has the noblest lineage possible for a male dancer. He is descended through his Danish teachers, from Hans Beck, Bournonville's longest-surviving pupil, and thence to Bournonville's teacher, Auguste Vestris (who was born in 1760). In six generations we are back to *Le Dieu de la Danse* who made the French style of the 18th century a vital formative influence upon the whole of 19th-century ballet. These facts are far more than dance history. They explain the excellence of Danish danseurs, and justify Schaufuss' inborn and ineradicable authority. Thus his dancing has a physical dignity which can transform the tricks of *Le Corsaire*; as with Yury Solovyov or Barishnikov, the body's accent is so pure that the danse d'école triumphs over the suspect text it speaks. But, as with Pontois, the result is neither cold nor academic; there is physical excitement in plenty.

The evening closed with *Elite Syncopations* in which the National Ballet of Canada's dancers could not be bettered. They have the relaxed charm and physical wit that MacMillan's dances demand. *Just* as the band on stage play ragtime with a feeling for its rhythms freer and more authentic than we know at Covent Garden, so the Canadian cast breezes through the dances with the happiest ease. Karen Kain is delicious as the girl in the red hat, bubbling over with fun; Tomas Schramek, in Michael Coleman's *Friday Night* solo, is quick, debonaire. Two junior soloists merit special praise: in Wayne Eagling's role, Raymond Smith is mercurial, fleet, merry; in the sentiment of the *Golden Hours* duet, the beautiful Karen Tessmer is sweetness itself.

I hope to report on some other company performances later. Meantime, we can look forward to the company's visit to Covent Garden this August with pleasure.

"The Shirt off our Backs": Sid Isaacs and his Lancashire factory hands.

Television

When distress is necessary

by CHRIS DUNKLEY

This column has rarely attracted such a unanimous chorus of approval as it did last week by suggesting that the balance of the BBC's programmes is shifting in favour of the trivial. As usual the largest number of calls came from BBC employees, all fervently agreeing and often vilifying the offending programmes (*Blankety Blank*, *Superstars*, *Noel Edmonds' Lucky Numbers* and so on) in terms much stronger than any professional critic would use.

It was saddening to find, however, that few wished to express any concern about the article's point of departure: the probable disappearance of *Tonight* from BBC1 next autumn and its replacement by a chat show four nights a week. Though callers almost without exception were ready to disparage chat shows, few seemed really worried about the apparent shrinkage in BBC current affairs coverage.

While saddening it was not surprising however because one has learned to expect antagonism to CA even from many of those within television. The question is: why is hostility or at least indifference towards this sort of programme so widespread?

One of the answers presumably is the conventional one: that much that is described in CA programmes is of necessity "bad news" and the bringers of bad news are rarely welcome. Last week *TV Eye* provided a day-by-day description of the NUPE strike at one hospital. The pictures showed pickets on the gates, volunteers on the wards, nurses voting to back up the action of ancillary workers, and ancillary workers voting first to stay out and then to go back. It was a highly effective if conventional exploitation of the mere 27 minutes at the programme's disposal, giving a very clear idea of the course of events at Bow.

Yet experience suggests that in homes all over the country viewers will have been grumbling "Oh not more of those wretched pickets" and stalking off to make a cup of tea.

Doubtless there were very similar reactions to the two big "crisis specials," ITV's *How Can Britain Work?* and BBC1's *What Kind of Society?* (they could easily have swapped titles). Both programmes seemed well intentioned, but both had such serious structural defects that there was never really any hope that they could fulfil those intentions.

ITV saddled itself not only with the egregious David Frost and a participating audience which he inevitably described as "a complete cross section, in some cases very cross indeed" but also with landline or satellite links to Aubrey Jones in France, Milton Friedman in America, a businessman in Germany, and Alex Jarrett and various politicians in London.

The result was entirely predictable: instead of being dominated by ideas or opinions or even facts the show was taken over by its own technology. After the faulty microphones had done their bit, the programme turned into a succession of rapidly gabbled clichés packed into sets and linked by the words "And now let's go over to—"accompanied by a magician-like wave of Frost's hand.

The breadth of vision was terrific; the depth nil.

The BBC's efforts were more successful, but only marginally so. With Robin Day and Fred Emery both talking in the studio to politicians, trade unionists and businessmen, Graham Leach reporting on German unions, Robert Mackenzie analysing the polls, Donald MacCormick in an outlying region asking if he could ask questions ("Can I go . . . Let me ask . . . Bishop can I turn back . . . Can I put that over . . . Can I leave the last word . . .") and the three political spokesmen duty-bound to represent party policies, the foreseeable result was once again immense width and no depth.

Such superficial raking-over, even of a vast surface, tells a moderately well-informed viewer absolutely nothing that he did not know already, consequently does nothing to carry his thoughts towards possible solution, and thus serves only to sharpen the feelings of frustration he was previously suffering.

And here we come to what seems a deeply distressing paradox, because as time goes by and television becomes an increasingly integral part of life, it emerges that such superficiality is not inherent to all CA programmes—yet the effect of the rare non-superficial ones appears, at least at first, to be even more desperate.

Once in a blue moon a television producer covering a strike decides that he will not take a piece of film of police and pickets leaning on each other and another piece showing chubby smiling men hurrying purposefully up Downing Street, join them together and superimpose a commentary detailing numbers of arrests and "basic" wages, but will instead send his reporter out to ask some of the strikers *why* they are behaving as they are—a step which no one managed in the *TV Eye* programme.

As the reporter digs below the surface (in the way that one did during the lorry drivers' strike, in a programme whose title now escapes me) it almost always emerges that the men, far from being left-wing loonies, are perfectly reasonable people who are not enjoying the strike one little bit, wish they could all get back to work, but can see no other way of protecting or furthering the interests of their co-workers who are virtually powerless as individuals.

Hence the desperation. It is one thing to lose patience with television when it presents problems in terms of the same old set of black and white stereotypes. But if it manages instead the far more subtle job of bringing the sympathetic human face into the sitting room and showing that society's problems can arise from the conflict of interests between a lot of greyish people all with pretty well equally good intentions, proving that there are really no villains to boo and no heroes to cheer, but just an endless succession of increasingly difficult choices to make between various evils—that can seem even more depressing.

The second of ITV's "Inside Europe" series, made by Granada Television in partnership with one American and five European television companies, was good enough to get into this category. Called *The Shirt Off Our Backs* it explained the complicated business of British and European clothing workers losing jobs as cheap third world imports take over their markets.

The verbal content of the programme, which was produced and directed by Michael Ryan, could be transcribed on a fraction of one FT page. But that would not begin to convey its impact. The programme looked at workers in factories in Britain and Belgium, and we heard them express their own feelings. It looked at workers in Hong Kong and in Ceylon and watched one lady walking home through the forest in a tropical downpour to the great family crowd she supports on her weekly wage of £2.50 from the new shirt factory.

To see that and then to listen to Sid Isaacs in Lancashire asking what his factory hands are supposed to retrain as, since "they are not cut out to be academics and technologists," is to begin to lose sight of the black and white and see the grey. To follow the cameras then from the "Multi Fibre Agreement" in Geneva to the effects which such an arcane agreement actually has on the ground and on real people, and to move on to an explanation of Western aid for third world manufacturing projects followed by Western import quotas when the projects succeed, is to begin, as a viewer, to feel that familiar nagging frustration.

It is closely akin to the feeling produced by the realisation that 12 years after the sympathy-inducing achievements of *Cathy Come Home* there are more Cathys than ever. Human ineffectualness in such matters leads the more fearful and hypocritical among us to call for restrictions on pictures of starving babies, homeless mothers (or strike pickets) on the pretence that they could make us "insensitive." In truth the embarrassment is more likely to come from the evidence of human imperfectibility in such programmes.

Thus, in terms of immediate reactions, the better the programme the greater the distress and this, surely, explains much of the antagonism to CA programmes. Yet there is a profound difference between a masterly piece of assiduous electronic journalism such as *The Shirt Off Our Backs* which digs as deep as necessary in one spot to expose all the relevant strata, and *How Can Britain Work?* which scratches ineffectually across acres and acres of a single stratum on the surface.

Neither supplies an answer, but whereas the first significantly advances the point from which public debate can continue, the second leaves the debate precisely where it was—though slightly mauled.

Festival Hall

LPO/Conlon

by ARTHUR JACOBS

When I predicted in my review of Friday night's concert at the Festival Hall that the young Swedish cellist, Frans Helmerson, would be welcomed whenever he next appeared in London, I had not expected that event to happen immediately. Nor had he. At barely half a day's notice, he was summoned to deputise on Sunday evening for Rostropovich, who had fallen a victim to influenza.

Mr. Helmerson's performance of Dvorak's Cello Concerto with the London Philharmonic Orchestra revealed a thorough mastery of the composer's style and a splendidly assured technique. Not even the rapid passages in octaves and sixths seemed to put any difficulties of execution in the way of his wide-ranging expressive power.

It is true that the keenest edge of romantic emotion was missing, but this may have been legitimately due to a psychological unpreparedness. It is one thing for a player to have the work securely lodged in his repertory, as Mr. Helmerson obviously has, and another to be able to invest the normal periods of study and rehearsal towards a particular performance. He will be welcome back *again*.

The concert was to have been partially conducted by James Conlon, but Dvorak's Symphony No. 7 in D minor was to have been conducted by Rostropovich himself. Mr. Conlon, an American of only 28, now took over the whole programme and surprised his audience by giving the symphony as well as the other works from memory. What is more, the symphony received a most attractive performance, spacious where it needed to be and with plenty of contrast—as distinct from Dvorak's *Carnival* overture, which had seemed (quite misleadingly) a crude and brash piece of music when Mr. Conlon delivered it at the beginning of the programme. The LPO was in very good form.

Theatre news in brief

David Edgar's new play, his first since *Mary Barnes*, comes to the ICA Theatre for three weeks from February 27. *Teendreams* was specially written for the touring group Monstrous Regiment in collaboration with Susan Todd, a member of the company.

Teendreams shows Frances, a student revolutionary in 1968, enthusiastic member of the women's movement and now an idealistic teacher, facing a new generation.

Frances is played by Gillian Hanna and the cast also includes Jenifer Armitage, Chris Bowler, David Bradford, Mary McCusker and Clive Russell. *Teendreams* is directed by Kate Crutchley and designed by Di Seymour.

*

Paul Scofield is to appear as Othello at the National Theatre early next year in a production directed by Peter Hall. Of the four great tragic roles in Shakespeare, Othello is the only one Mr. Scofield has not performed.

*

The National Theatre's nine-week tour of Somerset Maugham's *For Services Rendered* began this week with six performances in Leeds (Grand Theatre).

The production then goes for a week each to Glasgow (Theatre Royal from February 2), Hull (New Theatre, March 5), Nottingham (Theatre Royal, March 19), Cardiff (New Theatre, March 26), Norwich (Theatre Royal, April 2), Wolverhampton (Grand Theatre, April 9), Manchester (Opera House, April 16), and Brighton (Theatre Royal, May 7).

Except for Leeds, Wolverhampton, and Brighton, the mid-week matinees will be of *A Very Full-Blooded Man*, a self-portrait of Maugham, with Robin Bailey, Barbara Ferris, Alison Fiske, and Peter Jeffrey, devised by Michael Rudman, John Russell Brown and David Farrall. *For Services Rendered* is to open at the NT in May.

Ardley premiere at Elizabeth Hall

The Jazz Centre Society is presenting a concert at the Elizabeth Hall on February 26 which will include the latest extended composition by Neil Ardley *Harmony of the Spheres*.

Among the musicians playing the piece will be Ian Carr, Barbara Thompson, Geoff Castle and Trevor Tomkins.

Also on the concert will be a trio of Norwegian musicians led by guitarist Terje Rypdal and completed by drumer Jon Christensen and trumpeter Palle Mikkelborg.

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The cost of high pay

THE SUDDEN reversal of employment trends shown in the latest figures follows so neatly on the breakdown of wage restraint that it is very tempting to pair the two figures as cause and effect. However, apart from the fact that the unemployment figures are to some extent distorted by current pay disputes and by the weather, this would be an over-simplification. The falling demand for labour, which is also reflected in the vacancy figures and in industrial surveys, has a great deal to do with excessive wage increases, but not the most recent; and it also reflects mistaken fiscal policy. These troubles were clear months ago.

Initial effect

The fact is that the wage increases which were permitted under the so-called "restraint" of the 10 per cent norm, coupled with the fiscal and monetary policies of the current year, would have caused the pattern we are now seeing even if recent settlements had been moderate and rational—as some of them have been. The initial effect was a large rise in real incomes, and a retail boom which worked its way through to output. The present official estimate that GDP rose by just over 3 per cent last year will probably be revised upwards, if the statistics follow their normal pattern.

This boom might have subsided into healthy growth had the Chancellor last year been as good as his present word, and taken steps to make room for the inflated private demand for credit which was bound to result from the rise in costs. Instead, he decided to pile fiscal stimulus on top of wage stimulus.

The result has been predictable, and was widely predicted: competing demands for credit have driven interest rates to a level which is already throttling real growth. The cost of bank borrowing is now above any likely inflation forecast; if it is long sustained, prudent manufacturers will review stock levels, and there could be a recession in output even if real consumption continues to grow modestly.

Threatening

It is against this background that the present pay round, whose economic effects have yet to become apparent, looks so threatening. It is much too early to despair, though, for two reasons. First, the rise in manufacturing costs is still very hard to estimate; it could well be less than under the so-called productivity deals which were fashionable last year. Second, there is still time to meet the situation with an appropriate fiscal response.

The Chancellor has a firm personal commitment to hold the public sector borrowing requirement to £8½bn in the next financial year, which at least rules out a repetition of the worst of last April's absurdities. However, it still makes all the difference in the world how he achieves this balance. There have been disturbing rumours that a rise in the employers' national insurance contribution is seen as the electorally soft option. This would simply repeat what Mr. Healey has now publicly admitted was his gravest error in a trying term of office—the first 1974 Budget, which imposed a disastrous squeeze on the corporate sector. Cuts in the planned growth in public spending, which is quite inappropriate at current cost levels, supplemented if necessary by rises in indirect taxes and revenue duties, would minimise the damage.

Uncomfortable

Given an appropriate Budget, we will still be in an uncomfortable situation. The discomfort arises from the fact that what remains a firm monetary policy, reasserted by the current success in funding, combined with the enhanced real value of North Sea oil, has kept the exchange rate stable. This puts British industry under heavy competitive pressure from overseas. This is in fact an inevitable result of large import savings on oil which cannot be matched by any corresponding adjustment in the capital account because of exchange controls, as we have pointed out. If British costs had risen more modestly, sterling would now be tending to appreciate quite strongly.

Provided this pressure is kept within bounds, preferably by a sensible adjustment of exchange controls, it could still prove very helpful despite the attendant discomfort. Even now British money wages are low by European standards; those British employers who can approach European efficiency standards can still prosper, using resources freed by those who, like Goodyear's Scottish tyre plant, cannot compete. This transformation will go faster in an apparently depressed economy than in an overheated one. Bad employment figures may prove the price of long term health.

The challenge for Khomeini

AYATOLLAH Ruhollah Khomeini, Iran's religious and political leader, is finding it far harder to put together the structure of a new Government than it was to destroy that of the Shah's. This is hardly surprising. The end of the Shah's rule, and the evaporation of the Government of Dr. Shapour Bakhtiar, his last Prime Minister, came about very swiftly and in an atmosphere of heady euphoria and hysteria. Few people whether in the streets or amongst Khomeini's aides and possible members of a new Government had time to consider deeply as to where this patriotic fervour would lead to once the Shah had gone.

Two themes

Two general themes have emerged which from time to time made themselves felt even before the Shah's departure. The first was that amongst the groups jostling for power—Khomeini's religious followers, the Left, the National Front party and the other small parties and individuals making up the Iranian political scene—none had as much control over their adherents as they claimed.

Radical oil workers in the southern fields are a crucial example. Before Dr. Mehdi Bazargan became Prime Minister he was appointed by Khomeini to negotiate the end to the crippling oil strikes. Even with the Ayatollah's endorsement, he found, as he is finding now again, that his authority was not complete. As a result oil production is still failing to meet domestic requirements, a basic pre-condition for economic activity to return to normal.

Left pressure

The second theme is that with the victory now won any group with special claims, no matter how contradictory they might be, is under the impression that they can, and will, be met in full. Thus there are emerging disturbing signs of separatist stirrings among the Kurds and Azerbaijanis in the north-west of the country. The two main and identifiable Leftist groups, the Marxist Mujahedin-e-Khalq and the socialist Islamic Fedayeen-e-Khalq are clamouring for recognition and a place in the Government of the Islamic Republic.

The Ayatollah himself has acknowledged the growing pressure from the left. He recently denounced "their evil objectives" and added that "if the united leadership is not accepted by all groups, I shall regard this as an uprising against the Islamic revolution." He warned he would deal with them as harshly as he had done with the Shah and his regime.

Whether he can do it is another matter. The array of problems faced by the Islamic republic is daunting. One priority must be for Dr. Bazargan to consolidate the shattered armed forces behind him so that the civilian militias, all heavily armed, can be brought under control. General Mohammed Vali Qarani, the new chief of staff, yesterday claimed that more than half of those who deserted had returned to duty. But even if a section of the officer corps has transferred its allegiance to the new government, the social disruption has been so great that it must inevitably be reflected in the armed forces.

Thus it is far from certain that Khomeini will for some time have the full military support required to pacify the country and step back from the limelight to where he wants to be—behind the Government as the main advising authority.

Restoring economy

A second priority is clearly to restore the economy to some level of working order. There is hope that the ports and customs may start work again so that raw materials badly needed by industry can come in. The banking system and internal trade need to be restored. Above all, the main challenge will be to get production from the oilfields restarted. But this in turn brings up again the vital political question of the strength of Khomeini's authority over the left.

The intricacies of the range of problems faced by Iran's new Government together with the ever-present possibility of violence erupting again make it certain that it will certainly be months before Iran settles down.

THE HARRIER STILL IN THE WINGS

The British quest for the promise of China

By JOHN ELLIOTT in Hong Kong

Ashley Ashwood
Mr. Varley pictured with Vice Premier Wang Zhen in London last November.

DURING the past year a wave of euphoria has swept across Europe and other parts of the western world about the prospect of winning major orders for the massive industrialisation programme now under way in China. Hordes of delegations of industrialists, civil servants and technicians, often led by government ministers, have poured into and out of China. The Chinese themselves have demonstrated an apparently insatiable thirst for knowledge of other countries' industrial expertise and capabilities, and those countries have consequently swarmed like bees round a honey pot hoping to pick up quick lucrative orders.

Now, just a year after the great rush began, China's military action against Vietnam has added a new political dimension to economic and commercial concern that has been building up. Already in recent months some initially over-optimistic ambitions have been trimmed by many of those seeking the orders. Doubts are beginning to emerge about the true extent of China's ability and willingness to place as much business abroad as had originally been envisaged. The Chinese are also showing that they have lost none of their well known tough negotiating skills, and countries such as Britain are realising the full extent of the international competition that has to be faced.

Now Britain hopes to discover during the next ten days just how much chance it really has of winning major orders, partly in return for agreeing to sell Harrier jump jets to China. On Saturday Mr. Eric Varley, the Industry Secretary, is due to arrive in Peking for a nine-day visit to China as the guest of Vice-Premier Wang Zhen (Wang Chen) who was in the UK last November. Mr. Varley left London on Monday—just after the British Government was reported to have decided to await his return before reaching a decision on the sale of the Harriers. On his way to Peking he is spending three days in Hong Kong reviewing Britain's work in the colony on projects such as railways and power stations.

In China Mr. Varley is scheduled to lead a delegation of ten chairmen and chief executives from major corporations and will also be accompanied by senior civil servants and a trade union official. His objective is to develop contacts and negotiations already under way and to explore new areas for Britain so that, at the end of the visit, a £10bn five-year economic co-operation agreement can be signed. This agreement would open the way not only for China to buy the Harrier jump jets which it wants, but also for Britain to export a wide range of technical know-how and capital equipment. Now there is a question mark over this because of China's action against Vietnam.

It was reported in London on Monday night that, although the Government was not anxious to go ahead with the Harrier deal while the Chinese were so actively involved in Vietnam, it hoped the Chinese forces would have withdrawn by the time Mr. Varley returns next month.

The main areas in which Mr. Varley's delegation is hoping to edge towards contracts are the construction of steelworks, power stations, coal mines and aircraft. It also wants to look into prospects for selling ships and for building railways, hotels and chemical plants. It will explore what prospects there are for future orders in areas such as diesel engines, construction equipment, and machine tools.

Coal mining equipment

Britain already has secured major contracts in China's new industrialisation programme. Late last summer for example Davy Powergas won a £36m petrochemicals plant order and the Dowty Group signed a £70m order to supply coal mining equipment. John Brown also has a £26m order for a petrochemicals plant. Then Dunbee-Combex-Marx won a deal worth up to £25m for toy-making machinery and, more recently, A and P Appledore International won a design engineering contract for the modernisation of a Canton shipyard. And within the past two weeks an initial agreement has been signed for the development of China's non-ferrous minerals reserves, which could lead to £1bn export orders for the UK, and British Petroleum is to conduct an off-shore seismic oil survey.

But there are many uncertainties about the future and some of these could surface during the Peking visit. There is obviously concern about China's ability to finance its ambitious industrialisation programme, and because of this questions will be asked about the issue of counter-trading—for example whether China really expects Britain to take coal instead of cash or credit for the coal mines it builds. Then there is the question about whether every polite Chinese inquiry about a country's or company's ability to construct something is really the first step towards an invitation to tender or is simply a matter of the Chinese gathering all the knowledge they can about the world's industries, irrespective of their intentions, or financial ability, to actually place orders.

There is also some concern, albeit less frequently voiced, about the long-term consistency of the country's policy. As the commercial counsellor at the British Embassy in Peking, Mr. Emrys Davies, wrote in a recent Government publication: "Nobody but the foolhardy would claim to be certain that we have yet seen the full scope or depth of the changes being wrought by the Chinese Government and people."

That businessmen are aware of political and industrial uncertainties, is hardly surprising. It was only China's fifth national Congress last February, following on from Chairman Mao's death in 1976 and some policy changes in 1977, that opened the way for China's industrialisation shopping spree. At that congress, China's new leadership committed itself to modernising the country's agriculture, industry, national defence, and science and technology to make China an advanced industrial State by the end of the century. In the shorter term it adopted a plan for developing 120 major projects by 1985, and it is Britain's share of these that Mr. Varley's hoped for agreement is aimed at.

Last February's Congress sparked off the rapid exchange of delegations, the most important of which for Britain were Wang Zhen's visit to the UK as Mr. Varley's guest last November. This had been preceded by an important door-opening visit to Peking in August by the then Trade Secretary, Mr. Edmund Dell, and was followed by other visits of industrialists, financiers and technical experts in both directions.

The target for all this coming and going is a share of the 120 projects which embrace both new installations and the modernisation of old plants. They include 30 power stations, 10 oil and gas fields, 10 iron and steel works, nine non-ferrous metals projects, eight large coal mines, six trunk railways, and five ports.

Britain's ambitions for a share of this work are now coming up against strong competition not only from Japan and West Germany, which are already major trading partners of China, but also other countries such as France and Australia. In addition, British businessmen have been left in no doubt by the Chinese that they want to do as much of the work themselves as possible.

Nevertheless, Britain believes it has a good chance of winning orders, not only because of the carrot of the Harrier jets, but also because it has industrial expertise of special relevance to what the Chinese say they want—for example the development of coal mines, the construction of coal-fired power stations, and the modernisation of older steelworks.

The plan therefore is that the economic agreement that Mr. Varley hopes to sign should be backed up by more detailed agreements or protocols on the main areas of power stations, steel, aerospace, and coal. The precise state of the negotiations is being kept a closely guarded secret by the members of Mr. Varley's delegation, and by their support staffs, for fear of upsetting detailed talks in Peking.

It is clear, however, that there are two main points to the talks. The first is China's wish to buy, and later to build, the Harrier jump jet and maybe other armaments. The second is the British Government's determination that it will not just be a supplier of arms. It wants to win industrial projects that will boost the balance of trade and provide jobs in the UK, so incidentally making it easier politically for the Harrier sales to be accepted both at home, where some Labour Party opposition is being led by Mr. Anthony Wedgwood Benn, and abroad. So in British terms a balance has to be struck between the Harrier and any other armaments sales on the one hand, and the industrial orders on the other.

As Mr. Jim Callaghan, the Prime Minister, said when he returned from the Guadaloupe summit last month. "I explained to the other heads of Government at Guadaloupe that we had as yet reached no final decision on the Chinese request but that we were considering selling them the Harriers provided this was in the context of an overall trade package, which would bring significant benefit to our civil export industries."

Technical team

Chinese interest in Harriers has been apparent for several years, but accelerated last year, and a technical team visited the UK earlier in the winter. A return British technical team is ready to go to China if the Varley trip opens the necessary doors, and the target is thought to be the purchase by China of 100 UK-made Harriers, followed by production of 200 to 300 more under licence. For technical reasons alone, a full contract could not be finalised while Mr. Varley is in China, but a protocol could be signed giving formal agreement for a detailed contract to be prepared.

In addition to Harriers, the Chinese are likely to discuss buying warships from British Shipbuilders whose chief executive, Mr. Michael Casey, is a member of the delegation. They may also raise the question of buying tanks—a point they are thought to have raised informally in London with Vickers. While such deals could raise political problems later, there is apparently no Government objection to exploratory talks, although the Vietnamese situation might make such talks much more sensitive.

At the same time British Shipbuilders also want to explore the possibility of selling hovercraft and other naval equipment. In addition, British Aerospace, whose deputy chairman, Mr. Allen Greenwood, will be with Mr. Varley, may offer to sell its Type 146 four-engined jet feeder liner, which can operate on poor airstrips, and maybe even the A-300 European Airbus.

The bid to win steelworks business will be led by Sir Charles Villiers, chairman of the British Steel Corporation, and Sir John Buckley, Davy International's chairman. Their main hope is to push forward towards contracts to modernise the Shardu (Shoutu) steelworks in Peking, based on a design study they have delivered to the Chinese. Depending on which options in the study are taken up and how much work the Chinese do themselves, foreign orders of some £250m may be available. In addition, the BSC is chasing the initial stages of a proposed alloy steel plant in south China and wants to compete, against tough competition from West Germany and elsewhere, for modernising the Anshan steelworks in the north of the country and for building a new works at Hopei in the south.

Next on the list are coal-fired power stations where two British groups are bidding against each other—GEC linked with Babcock and Wilcox, and Northern Engineering Industries which embraces the old Reyrolle Parsons and Clarke Chapman businesses. Both groups sent delegations to China in January, and Lord Nelson, GEC's chairman, will be accompanying Mr. Varley in his role as president of the Sino-British Trade Council (Sir James Woodeson, chairman of Northern Engineering, accompanied Mr. Dell last August). The two groups are believed to be preparing tenders now for work on two as yet unnamed power stations of some 600 to 700 megawatts each. There is tough Japanese competition for power-station contracts, although it is not clear whether the Japanese or anyone else is tendering for these projects.

The fourth main area is coal mining where the UK already has a start with the £70m Dowty order. Prospects for large works lasting several years for development of two mines in the Shandong and Shanxi provinces looked bright late last year, and a group of London merchant banks led by S. G. Warburg prepared a financial package. But recently it has emerged that the Chinese might prefer to "pay" by exporting coal to Britain. This is unlikely to be accepted by Mr. Varley, although the consortium of the National Coal Board and Powell Duffryn (called PD-NCB) which is seeking the mine contracts might offer to use the NCB's marketing operation to sell Chinese coal to other European countries.

Stumbling block

There is strong Japanese competition for mining contracts and the main job for Mr. John Mills, a Board member of the NCB, who will be in the Peking delegation next week, will be to see whether the issue of coal sales is or is not a major stumbling block.

Counter-trading indeed may well be the most important aspect of financing arrangements to be raised during Mr. Varley's visit. While there are problems with Britain buying Chinese coal, there are markets for minerals in the UK (including the Steel Corporation). This could give special significance to the recent collaboration agreement which could lead to export orders for British expertise and plant and also serve as a counter-trading function.

Other financial issues raised may include details of a $1.2bn credit facility (called a "deposit facility") to please the Chinese who have only just accepted the notion of trading on credit) which was arranged in London last December by a consortium of merchant and clearing banks together with the Export Credits Guarantee Department.

So, unless the Chinese action in Vietnam upsets the visit, the job of Mr. Varley and his colleagues will be to explore the potential for the industrial projects, and their financial arrangements, and then to balance this against selling the controversial Harriers. If the balance of trade that emerges is politically acceptable to both countries the visit could prove to be a watershed for British industry in China.

MEN AND MATTERS

That was a nice house, that was

Baroness Serota, the Local Government Ombudsman, is expected to shower sharp criticism on the Royal Borough of Kensington and Chelsea for both the style and substance of one of its housing practices. She has just completed a report, as yet unpublished, on the case of Moledina Kassan, formerly of 56, Slaidburn Street, SW10.

Kassan received a letter in May 1976 asking whether he would temporarily vacate his £9-a-week council-owned house while major rehabilitation work was carried out. He was told in writing that he would be able to return when the work was completed. Kassan obligingly moved, for the time being, into a high-rise council flat at World's End.

Unhappily, the lift was often out of order, and Kassan's heart condition prevented him from trekking up and down the five flights of stairs. Increasingly housebound, he wrote in 1977 to the council asking when he might return home and was startled to be informed that "plans had changed" and that his newly modernised house would be sold. Kassan made a formal protest in June 1977; but only in July 1977 did the Royal Borough's health and housing committee formally decide to sell the property.

The house was sold early in 1978 as "surplus accommodation" for £37,000. The council could not even be prevailed upon to apologise to Kassan, and soon afterwards the case landed on Baroness Serota's desk.

While publication of the report is awaited, his old home is now changing hands at £58,000.

"We've added the tower block for ratepayers to jump off"

Hiring Henry

The coming to Europe of Henry Kissinger is surprising mainly for the form it has taken, a consultancy with General Electric. Quite how the Doctor's global view of the world will fit in with Sir Arnold Weinstock's more commercial orientation is not yet clear; GEC says that Kissinger is a friend of a number of the directors, and his "wide knowledge of the world and affairs" qualify him for the job. The price of all this wisdom? "We never discuss consultants' fees."

Back home, apart from offering critiques of U.S. diplomacy in Iran (for which, the less kind point out, he was largely responsible), the former Secretary of State has not been idle. Last year he raised over $1m for Republican candidates by speaking at $500-a-plate dinners, and he has devoted energy to securing his own finances: Woody Allen's theatrical agent Marvin Josephson has been engaged to negotiate book and television contracts worth about $5m, and he has sold the rights to his memoirs—to be published this year—for over $1.5m.

Among his U.S. consultancies are Goldman Sachs, the North American Soccer League, and the Chase Manhattan Bank, not to mention of $35,000-a-year professorship at Georgetown University. NBC is also making a contribution, said to be worth between $1m and $2m, to the Kissinger finances, though it is said to be unhappy with Kissinger's first "special" programme, one hour long, on the dangers of Eurocommunism. This attracted extremely low ratings.

In quieter moments, Kissinger lectures for considerations of up to $10,000. All in all, the prophet is not without profit in his own land, which may be just as well. Disqualified by an accident of birth from fulfilling his well-known desire to run for the presidency, he is reported to be considering the more humble possibility of running for the Senate, perhaps in his home state of New York.

Paradise lost

Baron Elie De Rothschild has reached the conclusion that he will have to wait a long, long time for a return on his investment in the Iranian island of Kich where, with the blessing of the Shah, he financed a sumptuous rich man's playground. The French banker is convinced this Arabian Night's resort has no future under the rule of the Ayatollah Khomeini.

The venture had appeared so profitable that the Compagnie Francaise D'Assurance pour le Commerce Exterieur gave its approval. Now only a few watchmen patrol the marble halls of Kich's palatial hotels and the golden sands surrounding the costly swimming pools, and the casinos are a deserted annexe to the Palace of the Sleeping Beauty.

De Rothschild, keeping a stiff upper lip, says: "Even if there's another change of regime in Iran, it won't alter the financial situation. The Iranians who have stayed at home have no time to sunbathe.

"As for the others—as the Shah said about the wealthy members of his silent majority—they have already moved into their winter quarters in Paris's Avenue Foch."

Bottle battle

Amid all the gloomy talk about waning U.S. influence in the world, President Carter can take comfort that American soft drinks marketing has created a Communist schism. It is the Pepsi bloc versus the Coke bloc.

The franchise rivalry is even rearing its head in the Vietnam-China conflict. When Vo Van Sung, the Vietnamese ambassador, held a press conference in Paris to castigate the invaders, he lined up five Pepsi bottles in front of his microphone, facing the TV cameras.

As we all know, the Soviet friends of Vietnam drink Pepsi, whereas the Chinese have just imported their first consignment of Coke.

In his hair

The closed shop causes quite a few oddities, as members of the Opposition front bench never tire of reminding us. Nothing is odder, perhaps, than the case of John Saar, the barber at the Charing Cross Hotel in London. He dutifully carries his card as a member of the 180,000-strong National Union of Railwaymen—because the establishment in owned by British Transport Hotels.

Does he have to go on strike? Saar is relieved to know that management and union have agreed to include him out and allow him to go on snipping.

Last resort

Sardonic sign of the times, seen in the rear window of a car in Southampton: "Help take the strain off the hospitals. Please do not drop dead unless it is urgent."

Observer

London dawdles with flood defence

BY PAUL TAYLOR

MRS. MARGARET THATCHER, the Conservative leader, will today visit the Thames barrier—part of London's £580m flood defence scheme which is making such slow and strife-ridden progress. She will find the barrier less than half complete, at least four years behind schedule and millions of pounds overspent.

Until the completion date, now given as December, 1982, London continues to face the threat of a flood which could cost £3.5bn and put over 1m lives at risk. The main civil engineering contractors claim they are unlikely to emerge from the barrier project — the largest civil engineering project in Europe—with real profit.

Rising costs, strikes, delays and low productivity have led to a re-negotiation of the main barrier contract in the hope of completing the barrier in December, 1982, instead of December, 1984, at no extra cost. But the need for the renegotiations has led to concern whether the Government has exercised sufficient control over public expenditure and is likely to provoke a storm in Whitehall and Parliament.

Estimates for the cost of the barrier have risen from £55m in December, 1973, of which the main civil engineering contract (Contract 3) accounted for about £38m, to around £240m in March, 1978. Latest estimates suggest the final cost on completion could be around £350m, with the main civil engineering contract costing about £210m.

In an industry where time really does mean money, delays caused by engineering difficulties have been added to the effects of strikes and low productivity. In every eight hour shift the contractors now expect to obtain only 3½ hours' work.

Central London was last flooded in 1928 when 14 people lost their lives. In 1953 when floods devastated the East Coast and Thames Estuary, London missed disaster by inches. The capital is slowly sinking on its bed of clay while England is gradually tipping at the rate of about 1 foot every 100 years. As a result over the last 100 years the tide level at London Bridge has risen by over 2 feet.

The danger area totals about 45 square miles, within which are 15 major power stations, much of Westminster including the Houses of Parliament, a large number of industrial premises, a sewage, gas and water works, and 46 miles of the Underground railway.

Following the floods of 1953 the Waverley Committee was set up to investigate the problem of flooding. It made the first of a series of studies into the danger facing London.

The difficulty was how to design a flood barrier which was both reliable, and would not interfere unduly with navigation requirements.

To resolve the problem the Government appointed Professor Sir Hermann Bondi, a mathematician of Kings College, London.

His report, published in 1967, marked the real starting point for the Thames barrier.

Nine piers

By 1969 an investigation team had concluded that the best defences for London and the Thames Estuary were a combination of flood barrier in Woolwich Reach in the far east of London, together with bank-raising downstream. The Silvertown site was selected in the western half of Woolwich Reach and Rendel Palmer and Tritton, consulting engineers, were awarded a contract for design of the barrier. They proposed a rising sector gate barrier spanning the 520 metres of river with nine piers and four main navigation openings, each of 61 metres. In 1972 Thames Barrier and Flood Prevention Act gave the Greater London Council power to build the barrier, aided initially by 65 per cent Government grants later increased to 75 per cent.

The main civil engineering contract for the barrier was awarded to Costain, Tarmac and Hollandsche Beton Maatschappij Joint Venture (CTH for short), with Rendel Palmer and Tritton retained as construction supervisors. Of the 20 contracts in all, the other two main contracts, for construction of the gates and operating machinery, were awarded to the Davy Cleveland Barrier Consortium. At this stage the barrier was expected to cost about £88m of which Contract 3—the CTH contract—accounted for £38m and was expected to be complete by August, 1978.

Under the terms of Contract 3, signed in 1973, the consortium insisted on inflation-proofing the price and on having six months to assemble the labour force initially of 800. Other clauses allowed for renegotiation after three years.

Work began in 1974 and by 1976 it was clear that major changes in the contract and working arrangements had to be made. The new Contract 3 did not have a break clause, but under its terms the contractor's losses were limited to 1 per cent, losses to be refunded to this level when they accumulated to £8m. Profits were limited to 4 per cent.

While the barrier project had had a better strike record than other major civil engineering projects, productivity had been low and low basic wages were boosted, under workforce pressure, by substantial bonus payments.

Work on the barrier project, like most other civil engineering contracts, was based on two 12-hour shifts. However, faced with low productivity and a ban on overtime the now reshuffled CTH decided to introduce a system of three eight-hour shifts.

This led to a 10-week unofficial strike in the summer of 1977 before the new shift system was introduced.

A 2½ week strike over a disciplinary matter last year is estimated to have resulted in a nine-week delay. The barrier project has suffered a total of about 15 weeks of strikes but their combined effect probably adds up to nearly one year's delay.

Pier 7 caused engineering difficulties: The chalk river base proved tougher than expected and when the slab concrete foundation was eventually laid inside a coffer dam it had to be replaced because unforeseen pressure problems threatened its strength. Pier 7, now 80 per cent complete, is 95 weeks behind schedule.

Some savings totalling about £10m have been made from design changes principally involving the correction of excessive initial estimates for river bed protection and dredging.

By the summer of 1978 the barrier project was running about six years behind schedule. The new Conservative Greater London Council decided that action must be taken to speed up the project, largely by beginning work on the north bank.

With the backing of Mr. John Silkin, Agricultural Minister, whose Department is responsible for the Government funding of the project, renegotiations began with CTH last summer. There were important differences between this round of negotiations and the previous two rounds. The GLC negotiating team was led by a politician instead of an officer, and for the first time officials from the Department of Agriculture, Fisheries and Food were not directly involved in the negotiations.

Mr. Bernard Brook-Partridge, chairman of the Council's public services and safety committee, who conducted the negotiations recently resigned after details had been leaked to the Press.

The most important feature of the new contract with CTH was that in return for accepting cost and completion date targets the consortium's cash-flow position was to be improved and special completion bonuses were put on offer. The consortium was told that the barrier must be "operationally complete" by December 1982 and be completed within a target price understood to be about £210m. One bonus was to be paid if the consortium met the deadline, another if it completed within cost.

While the 1 per cent loss limitation clause, introduced in 1976, was to remain in effect payments to offset losses were to be made more frequently—as soon as running losses reached £2m instead of £8m. In return the consortium agreed to have all expenditure vetted in advance by the consulting engineers.

Whether or not the new contract will ensure completion within targets remains to be seen. Details of the actual bonuses have not been made public for fear of provoking further labour disputes although they are understood to be on a percentage basis.

The real test is likely to come in negotiations with the unions, for while the speed-up plan really only represents a reorganisation of the work, the unions are likely to seize on the possibility of consortium profits to demand terminal bonuses or severance pay. Virtually all those involved accept that the subject is likely to provoke a dispute at some stage during the next four years.

The conduct of the renegotiations themselves appears likely to cause an argument in the House of Commons Public Accounts Committee. It has already voiced concern about the mounting costs of the project in a report published last October. However, the degree of central government control over the public purse and the justification of the bonuses is expected to be at issue next time the PAC examine the subject.

While both Mr. Horace Cutler, Leader of the GLC, and Mr. Silkin express satisfaction with the outcome of the renegotiations, arguing that the new contract should ensure both earlier completion and a greater degree of government and GLC control over costs, there is concern within Whitehall about the manner in which agreement was reached. Mr. Cutler defends the unusual step of putting the renegotiations in the hands of a politician by arguing that it was necessary to form more direct links between the GLC as client and the consortium.

However, while the GLC remains responsible for the contract, the lack of direct government involvement in the negotiations, despite the fact that the Government is paying 75 per cent of the costs, has caused some concern. Mr. Cutler claims that there was frequent and direct contact between himself and Mr. Silkin. However, like Mr. Silkin, he accepts that department officials were not at the renegotiation meetings.

This has led to a situation in which Department officials were in effect vetting and checking details of the new agreement in retrospect. Mr. Silkin says that "the GLC told my Department at each successive stage of the progress being made, though they did not always seek approval in advance of offers they made. They were aware however that if the Government was not satisfied with the terms of the agreement reached it would not be willing to make its full contribution to the cost."

The consortium says it emerged from the re-negotiations with a new contract which it describes as "fair" but unlikely to result in any real profit. Costain points out that perhaps its only gain is that it will have been enabled to ride the recession and keep together a strong staff.

The unions have already signalled their willingness to dispute the right to a share of the consortium's bonuses and the question is probably when rather than whether the battle will come. Mr. Cutler simply says he is "praying" the barrier will be completed before the flood comes.


Piers 6—9 of the Thames barrier under construction between Woolwich and Silvertown (left)

Letters to the Editor

The role of marketing

From Mr. T. Cannon

Sir,—I read with considerable interest Mr. Fishlock's article (February 9) on industrial innovation and the Advisory Council for Applied Research and Development report on which it was based. Despite my pleasure at these signs of an emerging awareness of the central role of innovation and new product development in economic performance, I was disturbed to note the neglect of the marketing dimension.

A considerable amount of investigation has now been conducted into factors contributing to success in new product or process development. The recurrent theme of large scale investigations such as Project Sappho in Britain and the work of the National Science Foundation in the U.S. has been that poor marketing lies at the cornerstone of much failure particularly in the areas of advanced or intermediate technology.

The ACARD report itself does make some comment on the role of marketing, noting that success in innovation and new product development lies ultimately in the marketplace and meeting customer needs. This may involve less advanced technology with less intrinsic satisfaction for the scientist. We need, however, to move away from this notion of the scientist or boffin and encourage our engineers and scientists to get their satisfactions from meeting the equally complex but certainly more productive demands of the marketplace.

Far too few scientists or engineers get any real insight into management and business during their undergraduate or postgraduate education. The problem is particularly acute in marketing and exports. Although the basic point about marketing's role is acknowledged in the ACARD report, it is depressing to note that not one of its recommendations is clearly directed towards developments in this area.

It is clear to me that unless a marketing perspective is applied to the generation of new product or process ideas, their selection, refinement, design, development and introduction on to the marketplace, poor performance, low returns and progressive deterioration in business performance will persist.

T. Cannon
(Lecturer in Marketing),
Durham University Business School,
Mill Hill Lane,
Durham

Industrial innovation

From Dr. S. Castell

Sir,—I note (news item, and David Fishlock's excellent commentary/review article of February 9), with some joy, that the industrial innovation report of the Advisory Council for Applied Research and Development is to lay before the Cabinet, will at last, from on high, and in a constructively critical manner, draw attention to the kind of evidence of lack of encouragement for innovation and, far more significantly, the type of policies required to provide such absent encouragement, which a number of us, from on-low, have been urgently calling out for some considerable time. Tax incentives for innovating companies (and, one hopes, their backers) and a focus on new technology-based firms (NTBFs) are two aspects suggested in ACARD's report which are adventurously bang on target. But does it go far enough one wonders?

It would appear there is no mention in it of a concrete suggestion to provide for NTBFs (favourably tax-treated) "gambling funds" rather than "industrial finance," an approach for which many of us have again long campaigned.

One can envisage that the anticipated response by the Treasury, which "finds the message about innovation and why investors have lost the zest for a gamble all very new" might have been so "very depressing" to ACARD members that the comments/proposals they make in their report have been (understandably) somewhat watered-down. This can only help persuade the *Cabinet to react with indifference towards it,* particularly when preoccupied with the more tangible dilemmas of current "industrial strategy."

My own experience is that there still widely exists a strong UK spark of individual commitment to build, and back, innovative enterprises. But it will not surprise me if it now takes more than merely the "lubrication by Government of the innovative process" to fan this into properly fearsome flames, and ACARD ought perhaps to have aimed at something distinctly more adventurous than "not seeking to overturn the entire system." We need to breed and foster all types of technology-based entrepreneur from the zealously altruistic "If I don't do it, nobody else will," to the zestfully opportunistic "If I don't do it somebody else will": the encouragement of such a desirable spectrum, given the stultifying environment to which both extreme types have become wearily accustomed, demands now a radical approach.

It appears that, within the report's laudible focus on NTBFs, there is no further strong emphasis on such firms operating in the ever-widening field of information technology (IT). You have allowed me space on two previous occasions to argue for the crucial importance of the nurturing of this future technology. Readers of those earlier letters may remember my introduction of a conceptual co-ordinating (and essentially non-political) ginger group dedicated to achieving the correct recognition of the importance of IT, its financial backing and the many problems of its wide-ranging social impact.

Dr. Stephen Castell,
Furlongs, Grange Road,
Wickham Bishops,
Witham, Essex

The BBC's race towards trivia

From Mr. M. Berenblut

Sir,—I believe that Chris Dunkley's article "The BBC's race towards trivia" (February 14) voices concern which many feel over the quality of BBC programmes.

Surely the BBC, by the very nature of its financing, is afforded the luxury of being able to ignore the "ratings battle" and provide high quality programmes at the expense of the marginal viewer. If, indeed, the BBC intends to appeal to the lowest common denominator, one of the main reasons for advocating the licence fee financing system, which is to avoid programme content being influenced by advertisers' requirements, becomes void.

Mark L. Berenblut.
2, Savoy Close,
Edgware, Middx.

The money programme

From Mr. J. Duncan

Sir,—Chris Dunkley's concern over the decline in television coverage of current affairs (February 14) is well founded. What should also be particularly disturbing in City and financial circles is the story that should Tonight move to BBC 2, then it could be at the expense, inter alia, of the much improved Money Programme.

John Duncan,
Dewe Rogerson Ltd.,
4, Broad Street Place, EC2.

Insider dealing

From the Assistant-General Manager, Boston Trust and Savings

Sir,—Recent suggestions (February 9) that some bank managers are passing confidential information about customers to their "in-house" insurance salesmen prompts me to draw attention to the not unrelated question of the treatment of bank references.

There is evidence that a number of bank managers are finding the receipt of a confidential reference inquiry from a credit grantor to be a very useful marketing source. A bank manager's swift telephone call or letter to customer suggesting a chat about his requirements can result in an "in-house" personal loan being sold. It is clear that a banker's privileged position can be used to considerable advantage at the expense of others who in part have come to rely on bankers' references to establish creditworthiness. Alternately, to refrain from requesting a bank reference when making a credit decision would undoubtedly result in more bad debt and thus higher credit costs being passed on to the consumer.

It is unfortunate that the banks do not seem to agree as to whether the practice is ethical or not. When invited to comment on evidence indicating that confidential bank reference inquiries had been used as a marketing aid, the responses from senior management of the banks involved varied widely and included categorical denial, condonation (but "in the customer's interest") and an apology for their branch manager's action.

Mr. Keith Blundell of Liberty Life Assurance claimed that banks have been intercepting new standing orders for insurance premiums while a salesman from the bank's insurance subsidiary has called on the customer and offered an alternative policy. If this practice and the misuse of bankers' references is allowed to proliferate it can only make credit granting more difficult for retailers and finance houses, increase bad debts and thus make credit more expensive for users as a whole.

Graham S. Telford,
Boston House,
Lower Dagnall Street,
St. Albans, Herts.

Civil Service pensions

From Mr. A. Miners

Sir,—Mr. O. M. Jubb's assertion (February 16) that a civil servant's pension is reduced at age 65 by the amount of his NH retirement pension is of course nonsense.

The actual reduction, under NH regulations SI.1948/498, is £1.70 a year for each year of reckonable service, up to a maximum of £67.75. Thus, Mr. Jubb's civil servant, with 40 years' service, will get at age 65:—

	£
Pension	2,000
Retirement pension (self and wife)	1,560
	3,560
Less reduction	67.75
Gross	3,492.25

And even this small reduction does not apply to civil servants with service before March 1, 1948! If Mr. Jubb is one of them, this clarification will be good news for him.

A. N. Miners.
65, Church Lane,
Girton,
Cambridge

Patent search

From Mr. R. Price.

Sir,—It would be a fitting centennial tribute to Bennet Woodcroft, patent classifier and inventor, for the British Library to provide classified sets of European and Patent-Co-operation Treaty applications. This would revive the practice used for many Continental patent collections that existed in the Patent Office Library in 1908. It may help to stem the trend of British searchers conducting patent investigations in Munich and The Hague.

R. B. Price,
28 Holland Avenue,
Sutton, Surrey.

Recliner cycles

From Mr. R. Jones

Sir,—Mr. Sullivan's suggestion (February 15) of an upright riding position might well result in optimum power output, but would also maximise wind resistance which, as any cyclist can confirm, is a factor of the greatest importance.

Almost every conceivable layout and riding position has already been tried out at some time, but I cannot remember any serious research on streamlining (which is probably *the* sole worth-while advantage of a recumbent position).

Might not some enterprising firm obtain considerable publicity "mileage," and possibly contribute to the development of cycle design, by offering a substantial prize for the fastest one-person-power machine to cover a flying-start quarter mile in both directions. With about a year allowed for development of entries the winning speeds could be quite surprising!

Richard H. Jones,
7 Maple Avenue,
Manchester.

Today's Events

GENERAL

UK: Mr. James Callaghan, Prime Minister, Mr. John Morris, Welsh Secretary, and Mr. Len Murray, TUC general secretary, speak at Welsh devolution Labour Party rally, Swansea.

Mrs. Margaret Thatcher attends Conservative and Unionist Association (London area) reception, St. Stephens Club, Queen Annes Gate.

Financial Times two-day conference on Euromarkets in 1979, Grosvenor House Hotel, W1, opening address by Mr. Harold Lever, Chancellor of the Duchy of Lancaster.

Railway unions meet British Rail to start pay negotiations.

Overseas: Talks between Mr. Moshe Dayan (Israel) and Mr. Mustapha Khalil (Egypt) resume at Camp David, U.S., with Mr. Cyrus Vance, U.S. Secretary of State.

Mr. Eric Varley, Industry Secretary, arrives in Hong Kong for three days of talks before visiting mainland China.

President Eanes of Portugal visits Guinea - Bissau until February 24.

President Honecker of East Germany visits Zambia.

U.S. Treasury sells $1.35bn of Deutsche Mark - denominated securities.

The Queen arrives in Qatar.

PARLIAMENTARY BUSINESS

House of Commons: Northern Ireland Orders on rates amendment and judgments enforcement. Lords consolidation measures. Motion on EEC documents on Community Budget.

House of Lords: Short debate on international parliamentary conference on population. Short debate on UN special assembly on disarmament. Criminal Evidence Bill, third reading.

Select Committees: Nationalised Industries, Sub-committee B. Subject: Report and Accounts of Electricity Council. Witnesses: Electricity Council. Room 8, 10.45 am. **Science and Technology, Genetic Engineering Sub-committee.** Subject: Genetic Engineering. Witnesses: Association of University Teachers. Room 15, 10 am. **Expenditure, Environment Sub-committee.** Subject: Redevelopment of London's Docklands. Witnesses: Bernard Thorpe and Partners, Nigel Spearing, MP. Room 5, 4.15 pm. **Nationalised Industries, Sub-committee E.** Subject: Ministers, Parliament and the Nationalised Industries. Witnesses: Nationalised Industries: Chairmen's Group, Room 8, 4 pm. **Expenditure, Trade and Industry Sub-committee.** Subject: UK domestic air fares. Witnesses: British Midland Airways, British Caledonian Airways. Room 16, 10.15 am. **Expenditure, Social Services and Employment Sub-committee.** Subject: Perinatal and neonatal mortality. Witnesses: Health Visitors' Association, Obstetric Anaesthetists Association. Room 6, 4.30 pm. **Public Accounts committee.** Subject: Appropriation accounts. Witnesses: Ministry of Agriculture, Intervention Board for Agricultural Produce. Room 16, 4.45 pm.

COMPANY RESULTS

Final dividends: Berisfords. Carrington Viyella. Foreign and Colonial Investment Trust. Lancashire and London Investment Trust. U.S. Debenture Corporation. Weber Holdings. **Interim dividends:** R. and J. Pullman. Roan Consolidated United Real Property Trust. Wiggins Construction.

COMPANY MEETINGS

Countryside Properties, Winchester House, 100 Old Broad Street, EC, 11. English China Clays, Hyde Park Hotel, Knightsbridge, SW, 12.30. Ley's Foundries and Eng., Colombo Street, Derby, 12. McCorquodale, McCorquodale House, Telford Road, Basingstoke, 12.45.

Vantona rises 8.6% after second half acceleration

REFLECTING steadily improving conditions, pre-tax profits of Vantona Group rose from £6.73m to £7.31m in the year to December 1, 1978, on higher turnover of £82.4m, compared with £78.8m.

The figures show an increase in sales of 4.6 per cent and in pre-tax profits of 8.6 per cent. The second half, however, resulted in improvements of 11 per cent and 13.1 per cent respectively.

Fully diluted full year earnings are shown to have risen from 18.6p to 19.4p per 20p share and the net final dividend is 3.7565p for a 5.752p (5.1511p) total.

	1977-78	1976-77
	£000	£000
Turnover	82,400	73,800
Trading profit	7,711	7,653
Interest	400	926
Profit before tax	7,311	6,729
Tax	3,430	3,164
Net profit	3,881	3,565
Extraordinary debits	595	8
Minority profits, etc.	203	156
Available	3,083	3,401
Interim dividend	374	283
Final	798	620
Retained	1,911	2,598

No credit has been taken in the figures for fees which are due under an Iranian know-how agreement but which have not been received. A subsidiary company is involved as a supplier of cloth for use by the Iranian Army. Because of the uncertain position in Iran it is difficult at the present time to estimate the final outcome. But on the basis of the most unfavourable circumstances a loss of £200,000 not provided for in these results might arise, although on balance the directors do not consider such a loss will occur.

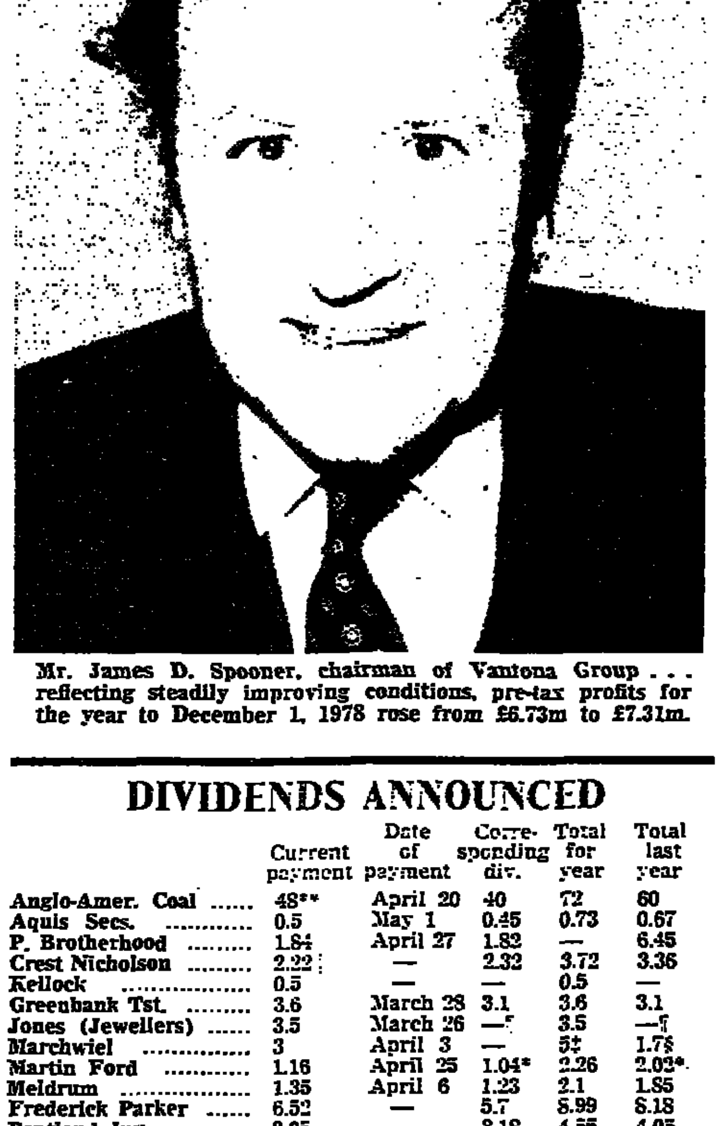
Extraordinary items include the cost of closure and losses on disposal of assets of Cromer Ring Mill and the making up unit of Fountain Yarn Dyers at Blackburn.

On November 30, 1978, the offer for J. Compton Sons and Webb (Holdings) became unconditional. No figures have been included in the results in respect of this acquisition although the published accounts will contain a consolidation of the balance sheet figures. Both Vantona and Compton Webb groups exceeded the profit expectations referred to in the Offer Document.

See Lex

HIGHLIGHTS

Lex looks at the revived interest of foreigners in the gilt-edged market which has led to some excitement over the prospects of an oversubscription for two new issues tomorrow. Statistics from the Equipment Leasing Association show dramatic growth during 1978 illustrating the potent tax advantages of this form of financing. Lex also evaluates the results of Vantona which show the marks of the Iranian upheaval. Elsewhere, Crest Nicholson's results topped market expectations while Martin Ford has produced a creditable rise in profits to a level well up on its previous peak. Meanwhile, Marchwiel's profits are slightly ahead despite a collapse overseas.



Mr. James D. Spooner, chairman of Vantona Group . . . reflecting steadily improving conditions, pre-tax profits for the year to December 1, 1978 rose from £6.73m to £7.31m.

Caution over upheavals abroad leaves Fredk. Parker lower

THE RECENT troubles in Nigeria and Iran have caused the directors of Frederick Parker, construction equipment maker and hirer, to make a full provision, amounting to £1.56m against uninsured customer debts there. As a result, though trading profit was maintained at £5.29m, compared with £5.21m, at the pre-tax level the surplus was cut from £5.21m to £3.72m for the year to September 30, 1979.

Sales for the period were 14.5 per cent ahead at £36.2m of which the export content was £26.6m.

Midterm, when profit was higher at £3.14m (£2.9m), the directors forecast that because of the continued world recession they did not expect to show an advance for the 12 months.

Now Mr. K. J. Parker, who has taken over as chairman from his brother Mr. F. W. H. Parker, reports that the level of sales inquiries is encouraging but fierce delivery and price competition means that orders will remain hard to win. The situation is further aggravated by the weak dollar and the unexpected disruptions in the company's export markets are increasingly disturbing, he says.

Mr. Parker expects 1977/78 first-half turnover profit to be lower and this may also apply to the second half, he adds.

After tax of £1.86m (£1.55m) earnings per 10p share are almost halved from 25.3p to 12.9p. A net final dividend of 6.518p lifts the total to a maximum permitted 8.993p (8.175p) and cost £871,000 (£692,000). The shares of the company, which has close status, are traded in a market created by M. J. H. Nightingale and Co.

At year end net liquid funds were up £305,000 (down £1.09m). On a current cost basis profit was reduced to £2.09m (£3.32m) by extra cost of sales of £1.16m (£1.46m) and additional depreciation of £0.53m (£0.47m) less a gearing adjustment of £58,000 (£44,000).

The auditors, Price Waterhouse and Co., point out that at this time it is not possible to determine whether all the provisions against the amounts owing from Nigeria and Iran will be required.

Even though the group had the benefit of the production and shipping of a major contract from the Philippines during the year action to bring production and overheads in balance with the reduced demand worldwide had to be taken early in 1978 and there were some redundancies.

Some improvements were later achieved from the progressively strengthened sales force and distributor network both in the UK and in some of the company's less traditional export markets. Market share was increased in some South American countries.

Because of competition there was pressure on margins but a strong financial position was maintained Mr. Parker states.

In the buoyant months prior to the sudden economic slump in Nigeria, which created difficulties in obtaining payments, the company was shipping substantial amounts of equipment to dealers there, much of which had credit insurance cover. The balance was despatched against "evidence of firm orders having been placed by end users," he adds.

Group capital spending in 1977-1978 amounted to £1.8m. In anticipation of the long term expansion of the group's main factory seven acres of leasehold land adjoining the main factory was acquired through the purchase of Pimbrook (Forest Road) for £288,000. In addition Potters Constructional Engineers, Leicester, a supplier to the group was bought for £117,000.

Sales of the hireplant subsidiary were up 28 per cent at £4.5m and profit was 22 per cent ahead at £454,000. A further advance in sales by this company is forecast.

Meeting, Leicester, on March 15 at 2.15 p.m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Anglo-Amer. Coal	48**	April 20	40	72	60
Aquis Secs.	0.5	May 1	0.45	0.73	0.67
P. Brotherhood	1.84	April 27	1.82	—	6.45
Crest Nicholson	2.22‖	—	2.32	3.72	3.36
Kellock	0.5	—	—	0.5	—
Greenbank Tst.	3.6	March 28	3.1	3.6	3.1
Jones (Jewellers)	3.5	March 26	—¶	3.5	—¶
Marchwiel	3	April 3	—	5‡	1.7§
Martin Ford	1.16	April 25	1.04*	2.26	2.02*
Meldrum	1.35	April 6	1.23	2.1	1.85
Frederick Parker	6.52	—	5.7	8.99	8.18
Pentland Inv.	3.05	—	3.18	4.55	4.05
Vantona	3.76	May 11	3.36	5.75	5.15
W. Cst. & Texas Tst.	1.1	March 30	0.75	1.1	0.75

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ As forecast at time of reorganisation. § Restated. ¶ Listing granted July 1978. ‖ Supplementary 0.03529p also announced on account of previous year. ** Cents per share.

Lower interest aids Aquis Securities

TAXABLE PROFITS of Aquis Securities improved from £418,719 to £519,758 in 1978, after a much reduced net interest charge of £334,413 against £716,101.

The Board reports that a loss of £79,003 (£1,525 profit) has been sustained by the Belgian subsidiary. No allowance is made for this loss when UK profits are considered for tax provision purposes, and this has therefore produced a tax charge considerably in excess of the standard rate of 52 per cent.

Surpluses arising from the sale of investment properties for £1.21m during the year (after deduction of tax at 30 per cent as reduced by available losses) amounted to £233,713. This has been transferred to capital reserve.

A professional valuation of the short leasehold properties held for investment has increased the overall value of these properties by £750.

The value of the remaining properties held for investment has been considered and after attributing a nil value to the property owned by the Belgian subsidiary, the board is of the opinion that the market value of the remainder is in excess of their book value by some £4m.

After tax of £319,159 (£216,657), stated basic earnings are lower at 0.78p (0.86p), or diluted 0.77p (0.83p). The final dividend is increased from 0.445149p net per 5p share to 0.5p, making 0.725p (0.670149p).

Retained profit is £260,110 against £246,794.

Crest 55% increase and further progress forecast

WITH all the main areas of the group contributing to the improvement, Crest Nicholson reports a 55 per cent increase in taxable profits from £1.83m to £2.81m for the year to October 31, 1978. Turnover for the period advanced from £29.73m to £34.04m, a rise of 14 per cent.

At the interim stage when announcing profits ahead from £0.43m to £1.01m the directors forecast improved second half profits.

They now say that the current year has started well and they expect the group to make further significant progress. In all the main operating companies there are opportunities to expand in growing markets, they add.

Yearly earnings per 10p share are shown to have risen from 11.49p to 14.69p and on a full tax charge from 8.57p to 11.4p. The net final dividend is 2.21671p and there is a supplementary payment of 0.03529p relating to the previous year. This brings the total to 3.71671p (3.36369p).

The directors state that in the property division Crest Homes had an excellent year. A pattern of growth by regional development has been established and new offices have been opened in Kent and Dorset. The company now has an increasing number of commercial developments on prime sites in the Home Counties with excellent letting prospects.

The tennis courts and sports services companies had a good year and order intake is high.

Overall return from marine activities remained poor but action taken to improve the profitability of boat-building should be reflected in current year's results.

The industrial companies achieved continued growth in both sales and profits.

	1977-78	1976-77
	£000	£000
Turnover	34,036	29,726
Profit before tax	2,808	1,815
Tax	1,175	563
Net profit	1,631	1,252
Minority profits	45	26
Extraordinary credits	29	-33
Available	1,615	1,191
Dividends	410	359
Prior year adjustment*	656	344
Cap. of res. in sub.	—	27
Res. carried forward	4,272	3,067

* Debits. † Write back or deferred tax.

The return on shareholders' funds increased from 30.5 per cent to 38.6 per cent, while net borrowings decreased at the end of the year by £685,000 to £797,000.

Deferred tax is provided only where it appears that there is a reasonable probability that liabilities will occur in the foreseeable future. This represents a change in the basis adopted in the previous accounts, but figures have been re-stated on the new basis.

● comment

Although profit projections had been revised sharply upwards ahead of the results, shares in Crest Nicholson climbed 5p yesterday to 93p on news of a 55 per cent pre-tax improvement. That represents a new peak to complete the recovery from the 1974 trough and the property, boatbuilding and industrial group seems confident that it can establish itself firmly on the new growth platform. Crest carries no land bank but a spread of the geographical network appears to have offset the effects of a housing land shortage and hopes are pinned on the cutback in activity at the Southampton yard to bring the return on boatbuilding finally up to an acceptable level. High interest rates and a mortgage famine could undo any ambitious forecasts for the current year but the market appears to be taking few chances with a p/e of almost 8 on fully taxed earnings and a yield of 6.1 per cent. In the meantime, compensation funds of £400,000 from the Southampton authorities and the £600,000 consideration for the Cray Electronics stake provide ample scope to enter the takeover market once more.

Brotherhood well down midway

A FALL in interim taxable profits from £320,000 to £133,000 is reported by Peter Brotherhood, machinery and power plant manufacturer. Turnover was down from £5.09m to £4.18m.

The Board says trading conditions have remained difficult, and the upward trend of new orders, reported in the annual statement, was not maintained throughout 1978. However there has been a better start to 1979.

The directors add that turnover is influenced by the delivery dates of individual contracts. In the current year substantial deliveries are due to be made in the last quarter, some of which, they warn, may be jeopardised by shipment problems.

The half-year profit to September 30, 1978, is struck after interest up from £34,000 to £52,000. Tax takes £69,000 (£166,000).

The interim dividend is 1.8425p net per 50p share, against 1.815p. Last year's total payment after taxable profits sharply lower at £764,000, was 6.4488p.

The directors have decided to conform with standard practice of making two results announcements—one for each half year.

Densospire

Temporary orders restricting dealings in the shares and certain properties of Densospire were continued by Mr. Justice Slade in the High Court.

The orders were made in an action by A. J. Macpherson and Company against Densospire, a London property company, Mr. Timothy Greenish, and Mr. John Llewellyn-Jones. They are effective until March 6.

On February 9, when injunctions in similar terms were granted ex parte, counsel for Macphersons, who are merchant bankers, alleged that Mr. Llewellyn-Jones, then managing director, arranged a number of loans to Densospire, in which he was the "controlling force."

In a pending action, Macphersons claim they have a beneficial interest in Densospire's shares and properties bought with the loans.

Pentland Inv. ahead to £840,000

Net revenue of Pentland Investment Trust rose from £752,920 to £840,161 in 1978.

Revenue was struck after all charges including tax of £496,873, against £483,116.

Stated earnings per 25p share are ahead from 4.11p to 4.61p. The final dividend of 3.05p net lifts the total from 4.05p to 4.55p.

Rank Org. placing

Rank Organisation announces that in accordance with the special placing arrangements detailed in the circular dated January 25, 2,350,847 new ordinary shares (representing the new ordinary shares which would otherwise have been offered to North American shareholders, and fractional entitlements) have been placed at 12p premium (nil paid) before

Expansion for Atcost

Including five months trading since its takeover by six directors, Atcost Group expanded pre-tax profits to £296,632 for the year ended September 30, 1978, compared with £122,764 for the previous 17 months.

In April, 1978, the directors raised £800,000 to acquire control of the Tunbridge Wells based company, the funds for which were provided by a consortium headed by the National Coal Board Superannuation Scheme.

Turnover for the year was £12.51m (£13.41m for 17 months) and net profits were £169,218 against £85,227. A dividend of 6.7 per cent has been paid.

Mr. Peter Down, chairman, says orders in hand, for the group, stand at over £8m, equivalent to some seven months work and it is anticipated that the current year's turnover will produce a further increase in profit.

Yearlings ease back to 12½%

The coupon rate on this week's batch of local authority yearling bonds has eased back to 12½ per cent. For the past two weeks the rate has stood at 13¾ per cent.

The stock is issued at par and is repayable on February 21, 1979.

The issues are: Trafford Borough Council (£0.5m), Oxford City Council (£1m), Darlington Borough Council (£0.5m), Great Yarmouth Borough Council (£0.5m), Redditch District Council (£0.5m), West Yorkshire Metropolitan County Council (£0.75m), Borough of Sunderland (£1m), City of Glasgow District Council (£2m), Middlesbrough Borough Council (£0.5m), City of Salford (£0.25m), Spelthorne Borough Council (£0.5m), Warrington Borough Council (£0.5m), Wokingham District Council (£0.75m), Macclesfield Borough Council (£1.1m), Borough Council of Gateshead (£0.5m), Borough of High Peak (£0.5m) and Strathkelvin District Council (£0.25m).

Dover District Council is issuing £0.5m 13¾ per cent negotiable bonds, due on February 16, 1983, while City of Aberdeen District Council is raising £0.5m variable rate bonds due on February 15, 1984, both at par.

هكذا من الأصل

How The Morgan Bank can help you manage currency exposures

Member FDIC

From left: Alastair Hunter-Henderson and Morgan IMM head John Haselune depart for a client meeting abroad; Roberto Mendoza, head of IFM, confers with Rimmer de Vries, Morgan's chief international economist; Frank Arisman is in charge of the bank's Foreign Exchange Services in New York.

In today's fast-moving currency markets, a major concern of managing directors and financial officers is the effect of foreign exchange exposures on corporate profits. They need to know what's happening in the markets, what it means to their companies, and what they can do about it. Because every company is different, a one-package service isn't enough.

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The Morgan Bank

UK COMPANY NEWS

Martin Ford expands to £1.33m. and confident

AFTER RISING from £444,517 to £553,837 in the first six months, profits, before tax, of Martin Ford, ladies' wear retailer, for the 52 weeks to December 2, 1978, emerge at a record £1,327,389 compared with £985,255 for 53 weeks. Turnover was up from £5.87m to £6.49m.

The profit and sales figures represent increases of 40 per cent and 19 per cent on 1977 adjusted to 52 weeks.

The directors say turnover levels are continuing to advance and several new branches are scheduled to open during the current year. Accordingly, they view 1979 with every confidence.

After tax of £706,926 (£526,808), earnings per 10p share are shown to have risen from 2.81p to 3.97p. The net final dividend is lifted from an adjusted 1.04p to 1.16p, making 2.26p compared with 2.034p adjusted.

Total dividend costs amounted to £353,125 (£316,250), leaving retained profit at £267,338, against £122,197.

At halfway, pre-tax profits were £553,837 (£444,517) on turnover of £3.14m (£2.7m).

● comment

With full-year sales showing an annualised increase of almost a fifth, Martin Ford has clearly had its share of the retail spending boom. During the period only one small shop was opened, so growth has been achieved from existing outlets. The extra volume has had the expected impact on margins and profits—up 40 per cent—are nearly a third higher than the 1974-75 peak. Current trading suggests continued growth but much will depend on the level of disposable income later in the year. Consumer spending is already showing some signs of a downturn but, in contrast to men's clothing, demand for ladies' wear has stood up reasonably well to cyclical downturns in the past. At 35p the shares are on a p/e of 8.5 while the yield is a solid 10 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Eleco, Fitzwilton, Grippérrods, R. and J. Pullman, Union Real Property Trust, Wiggins Construction.
Finals: — Berisfords, Carrington Viyella, Foreign and Colonial Investment, TACE, United States Debenture Corporation, Weber Holdings, Yeoman Investment Trust.

FUTURE DATES

Interims:—	
Bogod-Pelepah	March 2
Bracken Mines	March 9
Ewer (G.)	Feb. 28
Kinross Mines	March 9
Leslie Gold Mines	March 9
St. Helena Gold Mines	March 9
Winkelhaak Mines	March 9
Finals:—	
Crouch (Derek)	March 8
Helene of London	Feb. 26
Kleinwort, Benson, Lonsdale	March 13
Rotaflex	Feb. 26
SKF	March 7

N. British Steel first half warning

Results for the first half of the current year at North British Steel Group (Holdings) would be reduced considerably compared with last year, said Mr. G. M. Menzies, the chairman at the AGM. Pre-tax profits at the interim stage then were £565,000 on turnover of £5.8m.

He said that the fuel and haulage drivers' strike had seriously effected the group. And it had also been affected by strikes at customers' works.

HASLEMERE ESTATES

Haslemere Estates announces that of the 5.5m ordinary shares issued by way of rights, 5.35m representing 97.3 per cent of the shares provisionally allotted, were taken up.

The balance has been sold and the excess over the subscription price (after sale expenses) of 22.9p per share will be distributed among the original allottees in accordance with their respective entitlements.

E. Jones (Jewellers) on target

TAXABLE profits of Ernest Jones (Jewellers) are on target in the year to September 30, 1978 coming out at £1.27m, against £811,000, on turnover, excluding VAT, up from £5.04m to £6.29m.

The group offered 1.5m 10p shares for sale last July, and it then forecast that profits would not be less than £1.2m on turnover of not less than £6m. At halfway taxable profits were £569,000.

The Board now says the first quarter results of the current year are very encouraging, and trading during the Christmas period was at a high level. In the absence of unforeseen circumstances the directors are looking forward to continuing profitable growth.

After tax of £3,000, compared with £121,000, stated earnings per share are up from 15.2p to 27.4p. The final dividend, as forecast, is 3.5p net. In the prospectus the directors said that in a full year they would expect to pay dividends totalling 5.5p on profits of £1.2m.

Dividends costing £125,000 were waived at the year end.

The Board says the latest figures include the contributions of three new branches at Maidstone, Bromley and Manchester. These were opened as scheduled during the last quarter of the year, and are achieving anticipated profits.

Marchwiel tops £13.5m despite losses overseas

FOR the year ended October 31, 1978, turnover of Marchwiel, building, civil engineering and public works contractors, rose by some 10 per cent to £187.54m and pre-tax profits were up slightly from £13.39m to £13.55m.

However after increased tax, extraordinary debits of £2.76m against £82,000 and minorities, the attributable profit fell sharply from £8.04m to £3.77m.

Earnings per share are shown at 19.3p against 24.5p. As forecast at the time of the capital reconstruction, the total dividend is 5p a share, the final being 3p—the previous total was a restated 1.7p.

As foreshadowed at midway, it was a poor year for the international division where a loss was made for the first time, the directors say. Substantial losses were also incurred on two contracts at home.

Mr. A. J. McAlpine, the chairman says that overseas it continues to be extremely difficult to win contracts and the group has to accept that in the immediate fuure the returns from abroad will be less. He is optimistic, however, that the international division will return to profitability in the current year.

At home every effort is being made to improve the position on the two serious loss making contracts and the chairman anticipates that a substantial part of those losses will be recovered.

Although it has been a difficult year the domestic order book at the year end was 50 per cent higher than at the same date last year and he is satisfied that this work will produce a reasonable level of profit.

During the year the group purchased a 75 per cent interest in the Price Brothers (Estates) Group and are now private housebuilding. "We have had some initial problems but remain optimistic about the future," the chairman says.

Directors are also considering other development schemes which it is hoped will contribute to future profits.

Liquid resources and short-term investments at the year-end stood at almost £25m and the Board is constantly exploring avenues for further investment both at home and abroad.

Sir Alfred McAlpine and Son (Northern), the largest unit in the group, had an excellent year during which the level of activity in new work improved considerably. Public authority housebuilding and general industrial building work are generally buoyant and the chairman is confident that in these two sectors the company will increase on last year's turnover.

	Year 1977-78 £000	1976-77 £000
UK turnover	162,451	132,388
Overseas	25,093	36,276
Total turnover	187,544	168,664
Directors' emoluments	158	166
Depreciation	6,447	5,483
Auditors' remuneration	64	51
Bank, etc., interest	427	332
Plant hire, etc.	7,685	8,379
Associate profit	347	*440
Investment income	1,932	1,023
Interest received	2,352	2,722
Property income	77	44
UK profit	13,595	11,995
Overseas loss	41	†1,390
Profit before tax	13,554	13,385
Tax	7,024	5,269
Net profit	6,530	8,116
Extraordinary debits†	2,759	82
Minorities	4	*7
Attributable	3,767	8,041
Dividends	1,792	586
Undistributed profit	1,975	7,455

* Losses. † Net surplus on fixed assets sale £209,000 (£393,000); goodwill on acquisition of subsidiaries £1.69m (nil); written off associates share £1m (nil); currency adjustments £216,000 (£475,000) and £61,000 reconstruction costs. ‡ Profit.

Sir Alfred McAlpine and Son (Southern) raised turnover to a record £50m. One particularly severe loss-making contract has lowered profit margins which would otherwise have been satisfactory. The outstanding workload is satisfactory and is uniformly distributed throughout the major activities.

The overseas contracting turnover of Marchwiel Holding AG and its subsidiary and associated companies, fell dramatically, particularly in the Sudan where there have been delays in the awards of further work.

The loss, however, did include significant marketing expenses incurred in investigating possible future markets.

Delays in payments are still being experienced, and give cause for some concern in certain areas. These, together with the intense competition internationally, inevitably make the winning of new work with satisfactory margins very difficult.

Nevertheless, work being undertaken by the overseas companies in Sudan and Dubai is proceeding satisfactorily.

Mr. McAlpine says while prospects at home look a little brighter than at this time last year the same does not apply to obtaining new contracts overseas; nevertheless, overall, there is likely to be an increase in turnover.

Margins on new work are not exciting but he hopes the group can continue the upswing in profitability during the current year.

● comment

Given the profits collapse overseas, it is as well that Marchwiel believes that UK prospects look a little brighter. The buoyancy of public authority housing and general industrial building coupled with some upturn in motorway work add up to a 50 per cent improvement in the year-end value of the UK order book even if the opportunity to widen margins here remain limited. The construction group is markedly less sanguine about its prospects for winning new overseas contracts which are essential if the adverse impact of a turnover downturn on a high overhead structure is to be ameliorated. While Marchwiel performed slightly better than expected last year, the effect of the overseas loss is to raise the tax charge by 12 points to the standard rate. In the absence of any breakthrough in international markets, Sudan especially, a resumption of earnings growth still seems fairly distant so the p/e of 5.6 at 108p, up 2p yesterday, is about right. The yield of 7.1 per cent on the dividend rise foreshadowed by the capital reconstruction could prove a more pronounced support for the shares in the light of the dividend freedom that the group still enjoys.

Record Ridgway order intake up

U.K. ORDER intake for the first 18 weeks of the current year at Record Ridgway, hand tool manufacturer, was 11 per cent ahead of the corresponding period last year, said Mr. A. B. Hampton, the chairman, at the annual meeting.

This progress was expected to be maintained through continuing sales and marketing effort during the remainder of the year, he added.

Orders from overseas increased 3 per cent compared with the same period last year and this, while modest in total, was the result of significant improvement in some sectors capable of expansion, offset by loss of orders from sectors severely affected currently by local political and economic problems.

While home sales volume was expected to remain satisfactory in the current year, the company required a further increase in orders from overseas to maintain export sales volume as residual backlogs contributed to the sales total in the year to September, 1978.

Members were told that some inconvenience of customers and expense to the company resulted from the transport strike and picketing during January. Home despatches were maintained with difficulty but, although export despatches were almost totally frustrated due to the docks being closed, packing continued and during early February the shipping arrears were cleared.

Production capacity was generally in line with demand and productivity had been restored to the levels achieved before the redundancies.

The focus of the company's attention continued to be the improvement of order intake with particular emphasis on the overseas market, Mr. Hampton said.

Baring Bros. unchanged at £650,000

After providing for tax and after making transfers to inner reserves, profits of Baring Brothers and Co., merchant banker, were unchanged at £650,000 for 1978.

The entire amount is being distributed as dividends, comprising £165,375 on preference shares with the remainder as ordinary payments.

The company has placed a building contract for the redevelopment of its former premises at 8, Bishopsgate, which is being undertaken jointly with Electricity Supply Nominees.

A fall in the balance-sheet property figure from £5.67m to £0.99m reflects the transfer of the property to the joint development. The company's capital expenditure commitment in this respect amounts to some £6.3m (nil).

At the year-end, cash in hand at bankers, at call and at short notice amounted to £108.04m (£98.34m). Bills receivable and certificates of deposit were £8.98m (£10.79m) and term deposits with banks and local authorities, £107.86m (£88.87m).

Current, deposit and other accounts, including reserves and provisions for contingencies stood at £346.06m (£363.51m).

The company has "close" status and its ultimate holding company is the Baring Foundation.

Meeting, 88, Leadenhall Street, EC, March 15, 2.30 pm.

Kellock back on dividend list

PRE-TAX profits of Kellock Holdings rose from £61,708 to £70,650 in 1978, on turnover of £22.71m (£7.11m).

Although the after-tax profit of £69,059 against £51,887 was marginally lower than expectations, the directors are satisfied that during the year considerable progress was achieved in strengthening and expanding the two subsidiaries — Kellock Factors and H. Morris and Sons.

As anticipated last year, there is a dividend of 0.5p net per 10p share. But directors stress that in the event of any improvement in profitability, it is intended only to recommend a similar payment in 1979 and beyond.

Mr. John K. Laurence, chairman, explains that this is so the capital base of Kellock Factors can continue to be built up in order that its present rapid growth need not be retarded due to lack of shareholders' funds.

During 1978, Factors made a profit after tax and before allocation of group overheads of £137,739 (£87,332), of which a proportion was attributable to minorities and to former shareholders of Belgrave Assets. The amount of client debt factored rose from £9.2m to £19.2m, and the directors are pleased with the progress which has been made.

The progress made at Morris was less evident. The severe weather in its area of operations in the early part of the year resulted in sales loss which proved to be irrecoverable.

In addition, certain nonrecurring costs in connection with the installation of its computer system were absorbed during the year. The result of these adverse factors was that Morris reported a profit after tax of £49,445 (£79,327), before allocation of group overheads.

As a consequence of Factors' continued growth, 1979 is expected to be the year in which the results of the decision to seek non-traditional investments will become evident.

Last uly, Kellock acquired the minority interest in Belgrave Assets. This, says the chairman, considerably strengthens the capital structure of the group as well as enabling it to improve operational and fiscal efficiency.

As previously stated, the directors intend to apply for a listing of the company's securities during 1980. In the meantime, dealings are taking place under Rule 163 (2) which provides for deals in the securities of unlisted companies.

Meeting, Reading, April 24, at 3 p.m.

Investment portfolio for collectors

Towry Law and Co. has entered into a special arrangement with Stanley Gibbons International under which clients will be offered participation in a special "collectables" portfolio selected and advised by Stanley Gibbons.

Included in the portfolio will be some or all of stamps, coins, banknotes, antique maps, playing cards, bonds, antiquarian books, antiquities and medals.

While it cannot give any guarantees, Stanley Gibbons has indicated a firm intention of including in such portfolios only those items it would be prepared to buy back at a later date. It is recommending that such a portfolio should be retained for a minimum of five years.

Three years after the initial investment, Stanley Gibbons will provide portfolio valuations for each Towry Law client, which would be available thereafter on request on an annual basis. Stanley Gibbons will also advise clients on their existing holdings of collectors' items.

Advance for Hunt Chemical

With net income in the fourth quarter well ahead at US$2.09m against US$0.86m, Philip A. Hunt Chemical Corporation, a 52 per cent owned U.S. subsidiary of Turner and Newall, finished the December 30, 1978, year up 33 per cent from $5.6m to $7.45m, on sales 24 per cent higher at $91.38m.

Tax charge was $5.95m against $3.36m and yearly earnings rose from $0.99 to $1.31—the final quarter contribution of $0.38 ($0.15) is not directly comparable, because the 1977 figure was depressed by several nonrecurring charges.

The directors say all product groups contributed to the result with volume growth particularly strong in products manufactured for the electronic, photographic and electrostatic industries.

In the U.S., sales growth for the year was 22 per cent and in Europe, 30 per cent. Encouraging progress was made in new product introductions in the EEC and further progress made in products which have been marketed in Europe for a number of years.

Linread Board reorganised

In a re-organisation of the Linread board, Mr. A. G. Hancox and Mr. B. Swann have resigned while Mr. Louis Vanderpump has been appointed a non-executive director.

The reason for the change is that the main board is going to leave short-term problems to a board of chief executives which meets quarterly. Mr. Hancox and Mr. Swann will retain their positions on this board as chief executives of the engineering division and the aircraft products division respectively.

The main board will consider the longer term issues. It now consists of four men, Mr. A. H. Lynall, Mr. D. G. Lynall, Mr. H. S. Mead and Mr. Vanderpump, the new appointee. Mr. Vanderpump has recently retired from his position of director of distribution at W. H. Smith. His expertise in distribution is expected to be of particular benefit to the company, a spokesman said yesterday.

WINTERBOTTOM

Prudential Assurance owns 33.3 per cent of the preferred capital of Winterbottom Trust. In last Saturday's report on Winterbottom Trust it was implied that this was an equity holding.

Companies and Markets

BIDS and DEALS

Olympia & York stake in EPC climbs to near 10%

BY CHRISTINE MOIR

CLOSE on 10 per cent of English Property Corporation has been bought in the market in recent days by Olympia and York, the Canadian company which is said to be considering a counterbid for EPC.

N. M. Rothschild, Olympia's advisers, yesterday announced that it had been buying heavily in the market on Monday at 48½p and 49p and held 7.6m shares, some 7.9 per cent of the ordinary shares, and around 5 per cent of the convertible loan stock.

By the close of business yesterday that stake was thought to have grown to around 9m shares, or just under 10 per cent.

Under currency exchange laws Olympia now has to announce its purchases to the Bank of England. The Bank has the power to prevent foreign concerns from acquiring more than 10 per cent of British companies, although it does not usually interfere with the principle of freedom of investment.

Meanwhile Olympia continues silent over its intentions, although English Property's board confirmed last weekend that an announcement will come this week.

Wereldhave has until the end of the first week in April to declare its bid unconditional. (Under the rules of the City Code it can extend its closing date by fortnightly intervals for 60 days and it has another 21 days in hand because of the earlier offer from Eagle Star.)

AUTOMATED SECURITY

Automated Security (Hldgs.) has completed the purchase of E. Pincott and Co., a West Country security alarm company. The maximum consideration is £215,000 cash subject to a reduction in respect of any shortfall of rental systems or rental income.

Pincott is one of the major security alarm companies in the West Country, based in Exeter, and has some 3,300 rental systems.

SUITS moves into graphic art materials

The newspaper and publishing arm of Scottish and Universal Investments (SUITS) is moving into the graphic art material and equipment supply business.

Scottish and Universal Newspapers has acquired Thomson Graphic Systems for a cash sum understood to be something less than £150,000.

Thomson formerly owned by the private Bredalbane Investments is one of the leading suppliers of graphic art products to the Scottish printing and publishing industry. The company is based in Glasgow and Aberdeen.

HAWKER SIDDELEY

At meetings of the shareholders of Westinghouse Brake and Signal Company, the scheme of arrangement whereby Westinghouse will become a wholly-owned subsidiary of Hawker Siddeley was duly approved by the requisite majorities.

The number of Westinghouse shares in respect of which forms of election have been received has been provisionally established at 2,619,889 which would give rise to the issue of 995,558 new Hawker Siddeley shares.

Arrangement is subject to there being no reference to the Monopolies Commission.

Subject to the scheme being sanctioned by the High Court and to the new Hawker Siddeley shares being admitted to the Official List by the Council of the Stock Exchange, the scheme is expected to become effective on March 23 1979 and dealings in the new Hawker Siddeley shares are expected to begin on March 26, 1979. Cheques for payment of the cash consideration are expected to be posted on April 11, 1979.

SANGERS BUYS NINE MORE OPTICAL PRACTICES

The Sangers Group announces that its subsidiary Sangers Optics, has completed the acquisition of nine more practices to bring its total to 57.

Seven of the new practices are in the north of Birmingham and in Staffordshire and have been acquired from J. Michael Higson. Five operate under the Higson name and the other two as Curtis Opticians.

Sangers Optics has also purchased the practice of Alexander Inglis Opticians in York and the partnership of Covill and Sadd in High Street, Camberley. The latter will assume the name of Sangers Opticians but the other practices will continue under their existing trading styles.

Sangers Optics has built up its optical interest in just over two years, acquiring practices at an average rate of one a fortnight. Mr. Tony Goodman, Sangers group finance director, says the group has plans for continued expansion in 1979. "Our target is for Sangers Optics to become one of the top three UK companies in its field."

Liden gets four bid approaches

Shares of Liden Holdings were suspended at 8p yesterday because the group has received a flurry of bid approaches.

According to Mr. Norman Clothier, chairman of Liden, three companies came forward last week wanting to buy or merge with the whole group. A fourth company wants to buy a subsidiary of Liden.

The three suitors for the group as a whole are a private company which wants to "reverse" into Liden, a quoted company with turnover of £83m and a furniture company. The fourth interested company wants to buy a subsidiary of Liden at a price which is higher than the market capitalisation of the whole group, said Mr. Clothier.

Liden is a whitewood furniture manufacturer and distribution company. It has not made an annual profit since 1974 or declared a dividend since 1975. Last month it announced that the preliminary results for the year ended November 30 1978 would be delayed. This knocked almost a quarter off the group's market capitalisation. The results are now expected to be announced on Friday.

The attractions of the company to a potential bidder include 11 acres of industrial property, four acres of which are owned freehold. The book value of the property in the last accounts was £353,000. The group was capitalised at £408,000 at the pre-suspension price of 8p per share.

Mr. Clothier said yesterday that he did not know why the various predators had suddenly all made their moves at this particular time. He did not expect that a further announcement would be made until the middle of next week after he had talked with the companies involved.

PENTOS

As a further consideration of the acquisition of Casey's Camping, Pentos has issued 114,863 ordinary shares and paid £29,983.59 in cash.

MINING NEWS

Amcoal set for better things in long term

BY KENNETH MARSTON, MINING EDITOR

AN INCREASED profit of R52.7m (£30.8m) for 1978 compared with R47.3m in the previous year is announced by South Africa's Anglo American Coal Corporation. The final dividend is raised to 48 cents (28p) making a total for the past year of 72 cents out of earnings of 224.5 cents. The 1977 dividend total of 60 cents was paid out of earnings of 201.3 cents.

	1978 R000	1977 R000
Turnover	308,444	259,191
Profit before tax	87,580	74,899
Taxation	30,360	24,826
Profit after tax	57,220	50,073
Outside shareholders	4,492	2,778
Attributable	52,728	47,295
Earnings per share (cents)	224.50	201.30
Dividends per share (cents)	72.00	60.00

Profits at the half-way stage were 27.5 per cent up on those of the same period of 1977. Although earnings have been maintained in the second half of the past year they fall a little short of those for the second half of 1977.

Even so, the total is a creditable outcome to a year in which exports of metallurgical coal had to contend with depression in the international steel market and when South African domestic coal demand was subdued. Amcoal's prospects for the current year are brightened by the new Kleinkopje colliery which has made its first shipments and the expectation of an increased contribution to profits by the Kriel mine.

But the reason why Amcoal shares have come up from only 424p last year to the current 810p is the anticipation of a rapid growth in revenue from exports. Overall, South African coal exports are expected to rise from the current level of around 22m tonnes a year to nearly 46m tonnes by 1985, and could become the Republic's second largest earner of foreign exchange after gold.

While it is thought that the rise in South African coal shares generally has gone a little too far and too fast, Amcoal's chairman, Mr. Graham Boustred, still sees his group as a good long term investment. In a recent Johannesburg interview he underlined the group's growth prospects inherent in its enormous coal reserves and said that Amcoal could eventually be mining something of the order of 100m tonnes of coal a year, several times the current rate.

HUDBAY PROFITS MARK TIME

Because of a special charge of C$970,000 (£405,000) relating to the translation of long-term debt in foreign currencies, fourth quarter earnings of the Anglo American group's Canadian Hudson Bay Mining and Smelting amounted to only C$438,000. The 1978 total comes out at C$4.12m, or 41 cents per share, compared with a restated C$4.28m for 1977.

During the fourth-quarter, the Canadian metal's division made a substantial contribution to profits, reflecting higher prices for base metals, particularly copper. In the U.S., however, Inspiration Consolidated Copper incurred a loss because production of copper was reduced as heavy rains in Arizona during November and December washed away water supply lines and restricted open-pit mining to areas of lower-grade ore.

Terra Chemicals International, also incurred a loss for the quarter, the result of depressed prices throughout the industry in both fertilisers and agricultural chemicals as well as sales volumes that were lower than expected.

In the oil and gas sector, aggregate earnings were reduced, primarily the result of a substantial downward revision at year-end of the reserves of natural gas, crude oil and natural gas liquids of Canadian Merrill which resulted in an increased depletion and amortisation charge against its earnings.

Losses mount at Le Nickel

SOCIETE LE NICKEL, the French producer jointly owned by Imetal and Elf-Aquitaine, predicts a 1978 loss of Frs 500m (£58.3m), compared with a 1977 loss of Frs 65.8m.

The forecast, announced yesterday, was accompanied by a remark to the effect that another shareholder is being sought so that the company's funds may be increased. Le Nickel's situation was described as catastrophic by M. Albin Chalendon, the chairman of Elf-Aquitaine, only last month.

Le Nickel's loss has come about not only because of the depressed nickel market and the weak metal price expressed in dollars but also because of a strike lasting two months at its mines in New Caledonia. The loss will be increased by stocks provisions of Frs 100m, but this has been offset by an exchange profit of Frs 110m.

The company offered some encouragement to bulls of nickel by noting the market had improved in recent months but it simultaneously gave them a warning that present prices were too low to assure profitability for the producers. Le Nickel's losses have remained heavy in the first part of this year.

NEGEV EXPANDS PHOSPHATES CAPACITY

Negev Phosphates, the state-owned Israeli company with three opencast mines in the Negev Desert, expects to export 2.4m tonnes of various types of phosphates this year compared with 1.5m tonnes in 1978, writes L. Daniel from Tel Aviv.

The increase is the result of an expansion at Nahal Zin, which now has a capacity of 2m tonnes a year. The expansion was made possible by the completion of a rail link between Nahal Zin and the Mediterranean port of Ashdod, where new storage facilities have been built.

On the basis of present forecasts, export earnings in 1978-79 will be $52.4m (£26.1m), rising to $67.2m in 1979-80. Negev Phosphates has other installations at Oron and Mahtesh and a phosphoric acid plant at Arad.

Noranda gains from Canadian dollar fall

ALONG with other base-metal producers, Canada's Noranda Mines enjoyed a pick-up in earnings during the fourth quarter of last year. They amounted to C$54.7m (£22.8m), bringing the 1978 total to C$135.2m, or C$5.72 per share, compared with $C71.8m in 1977.

The most significant factor in the higher earnings, however, was the decline in the value of the Canadian dollar. Prices of virtually all Noranda's products are quoted in U.S. dollars and the company estimates that each one cent decline in the Canadian dollar adds about C$5m to Noranda's annual earnings after taxes.

Earnings of the mining operations were helped by a partial recovery in prices of copper and zinc together with strong markets for molybdenum; zinc and gold. On the other hand, fourth quarter earnings were reduced by 37 cents per share as a result of the Gaspe division strike which began in October.

KERR ADDISON'S PROFIT GROWS

Kerr Addison, the diversified minerals producer in the Noranda group, has reported a 56 per cent rise in 1978 net income to C$9.6m (£4.0m) or 101 cents a share from C$6.2m or 65 cents a share in 1977, writes John Soganich from Toronto.

But 23 cents a share of the 1978 profits came from gains on the sale of investments, while the 1977 figures were lowered by 5 cents a share because of special items. Operating results for 1978 were only slightly higher than in 1977.

The main factors behind the better operating results were the strength of the gold and zinc markets, coupled with the weaker Canadian dollar. Mogul of Ireland, a Kerr Addison subsidiary, had a small loss at its lead-zinc mine; production and sales were lower.

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Overseas fillip for Firestone

By Our New York Staff

FIRESTONE Tire and Rubber Company has made a better than expected start to its 1979 financial year, due mainly to a sharp increase in overseas earnings and a strong performance by its chemicals and raw materials group.

Net profits in the quarter ended January 31 jumped from $7.4m, equal to 13 cents a share, to $24.8m or 60 cents a share. Sales were 13.3 per cent higher at $1.2bn.

In spite of a number of special factors, Firestone is bound to regard these figures as encouraging after its extreme difficulties last year over its "500" steel belted radial. After-tax losses from a recall of more than 10m tyres amounted to $147.4m in the 1978 fiscal year and left the company with a total loss for the year of $148.3m.

But the impact of the "500" affair on the company's operations appears to be less than some pessimists had predicted. Total operating profits from tyres fell by about 7 per cent in 1978 and the first-quarter statement yesterday indicated that current problems relate much more to intense price competition in the U.S. market rather than consumer resistance to the Firestone name.

These indications will also comfort Borg Warner stockholders whose company has reached a merger agreement with Firestone based on an exchange of securities which values the tyre producer at $870m.

Net profits in the quarter were boosted by a $10.5m foreign exchange gain compared with an $11.9m loss a year ago. Some of this gain was offset by "inventory-related effects of foreign exchange rates" which reduced income by $7.3m compared with a $1.3m increase a year ago.

The company said that currency changes meant that loss-making European operations "showed significant improvement" while earnings of the chemicals and raw materials group "were well ahead of a year ago and showed continuing strength."

CAB hears Eastern's case in airlines battle

BY JOHN WYLES IN NEW YORK

THE SCRAMBLE within the U.S. airline industry to acquire control of National Airlines moves into a new phase today with the start of Civil Aeronautics Board hearings on Eastern Airlines' $50 a share proposal.

Eastern is generally ranked as the outsider in the three-horse race for National. Although its offer gives a substantial premium over the $41 a share offer that National has accepted from Pan American World Airways, most observers cannot see how the CAB could approve an Eastern-National link because of its anti-competitive aspects.

The two airlines are in direct competition on 18 specific routes, including the highly lucrative New York-Florida services. The Airline Deregulation Act requires the CAB to judge merger applications largely on their impact on competition and the Department of Justice is opposing the combination on these grounds.

But the Department is also hostile to any takeover of National, so in this respect at least Eastern is level-pegging with its rivals.

In its submissions to the administrative law judge who is conducting the proceedings, Eastern is expected to argue that the dynamics of deregulation will swiftly compensate for any competitive disadvantages in its acquisition of National. Other airlines will be able to enter Eastern-National routes and Eastern says it would make available airport gate space to other airlines on those routes.

Eastern will also argue that a merger would give it the additional strength necessary to prosper in an industry whose future is going to be much more competitive because of deregulation.

Mr. Frank Borman, Eastern's chairman, claims that U.S. airlines are not striding into their competitive future on an equal basis and that the financially stronger will have clear and obvious advantages.

Eastern has long been one of the weaker trunk airlines and acquisition of National for about $455m will bring with it 35 modern airplanes carrying very little debt. By contrast, Eastern has had to secure approval from its lenders to place $1.7bn of orders last year for 52 new aircraft.

The CAB hearings are expected to take several weeks and the law judge's decision will then be considered by the Board alongside a ruling from separate proceedings on the applications from Pan Am and Texas International Airlines (TXIA).

Mr. Michael Armellino, airline analyst with Goldman Sachs, forecast recently that Eastern would be eliminated from the race on anti-trust grounds and that the CAB would allow the market place to determine between Pan Am and TXIA.

In the meantime, a strong pointer to CAB thinking will come next month with a ruling on the merger application from Western and Continental Airlines.

Portugal wants new Ford plant

BY JIMMY BURNS IN LISBON

IT HAS been confirmed here that Portugal has joined a growing list of European countries contending for the projected Ford assembly plant in Europe.

Sr. Cardoso Cunha, the Portuguese Secretary of State for Industry, and a leading figure in an ambitious plan to revive Portugal's crisis-torn motor industry, put forward a proposal to Ford during a secret visit to London last week.

According to Ministry officials, the Portuguese Government wants to attract Ford to the huge industrial complex of Sines, south of Lisbon, where the surrounding region can provide both the industry and the employment necessary for the plan.

The prospect of a New Ford plant at Sines, however remote, is being treated very seriously by Government officials here given the complex's present financial difficulties and the growing unemployment in the surrounding agrarian belt of the Alentejo.

The Portuguese campaign to bring Ford to the area appears to have begun in earnest yesterday with a visit to the area by the managing director of Ford's operations in Portugal, Mr. Patrick Byrne.

Mr. Byrne was accompanied on his visit by Sr. Cardoso Cunha, and by leading Portuguese industrialists and local planning authorities.

Delays in making the proposal sooner appear connected with the Portuguese Government's negotiations with Renault of France which have now entered a delicate final phase. Some industry officials here believe that a negotiation with Ford might have a negative affect on the Renault project valued initially at FFrs 1.2bn and involving the creation of 6,000 new jobs.

Ford officials have indicated in the past that the Renault plan threatens their own operations in the field of car assembly since it would involve a guaranteed major share of the domestic market for the French company.

Peak turnover for Upjohn

KALAMAZOO — Upjohn, the pharmaceutical group, said 1978 domestic sales rose 15 per cent to $817m and foreign sales increased 21per cent to $511.6m, both reaching record levels.

Consolidated sales rose $135m with $51m attributed to price increases, $134m to volume increases and $10m to favourable foreign currency exchange.

Upjohn added that foreign currency gains contributed 8 cents a share to 1978 earnings against a loss of 4 cents in 1977. Losses on Brazilian and other currencies were more than offset by gains in Japan, the Netherlands and Italy.

Upjohn said fourth-quarter operating income rose 14 per cent to $39.5m but was adversely affected by higher marketing and administrative expenses than in the previous year.

Reuter

Siemens and AMD part

By Max Wilkinson

SIEMENS, the West German electrical group, has ended its co-operation with Advanced Micro Devices of California for the development of micro-computers in the U.S. and Germany.

Siemens and AMD had formed two joint venture companies for the purpose, one in California, and the other near Munich. They were both called Advanced Micro Computers.

The joint ventures formed a year ago were 60 per cent owned by Siemens and 40 per cent owned by AMD.

Now Siemens has agreed to sell its share of the Californian venture and in exchange AMD is selling its share of the Munich operation.

A spokesman for Siemens yesterday said the split was the result of different strategies which were being pursued

U.S. QUARTERLIES

AMERICAN NATURAL RESOURCES

Fourth quarter	1978 $	1977 $
Revenue	547.3m	490.4m
Net profits	22.43m	32.03m
Net per share	1.02	1.46
Year		
Revenue	1.96bn	1.69bn
Net profits	129.26m	127.43m
Net per share	5.90	5.84

CARRIER CORPORATION

First quarter	1979 $	1978 $
Revenue	523.0m	378.5m
Net profits	18.39m	12.37m
Net per share	0.46	0.38

DEERE AND COMPANY

First quarter	1979 $	1978 $
Revenue	905.5m	789.9m
Net profits	65.06m	48.22m
Net per share	1.06	0.80

FEDERAL-MOGUL CORPORATION

Fourth quarter	1978 $	1977 $
Revenue	147.5m	122.5m
Net profits	8.95m	5.93m
Net per share	1.40	0.96
Year		
Revenue	568.6m	488.9m
Net profits	35.51m	27.81m
Net per share	5.66	4.53

IC INDUSTRIES

Fourth quarter	1978 $	1977 $
Revenue	970.1m	478.1m
Net profits	33.98m	17.69m
Net per share	2.05	1.06
Year		
Revenue	2.67bn	1.87bn
Net profits	81.53m	64.17m
Net per share	4.82	3.97

ROPER CORPORATION

Second quarter	1978 $	1977 $
Revenue	87.1m	97.6m
Net profits	637,000	2.32m
Net per share	0.12	0.47
Six months		
Revenue	168.1m	176.5m
Net profits	1.09m	4.24m
Net per share	0.21	0.83

Growth at Danish savings bank

By Our Nordic Editor

SPAREKASSEN, SDS, Denmark's biggest savings bank, achieved pre-tax earnings in 1978 of DKr 270.2m ($51.9m) after depreciation but before allocations and adjustments for changes in the market values of securities. This represents an increase of over 50 per cent and brings SDS almost level with Copenhagen's Handelsbank, the largest commercial bank.

A major factor in SDS's profit advance has been the swift expansion of its international operations. Earnings from foreign exchange operations nearly tripled to DKr 48m and net interest income on deposit dealing with foreign financial institutions rose from DKr 8m in 1977 to DKr 45m last year.

The bank's operating profit before depreciation on ordinary banking operations grew by 78 per cent to DKr 336m. Part of this rise stems from the switch from a loss of DKr 35m on currency fluctuations in 1977 to a gain of DKr 1.5m last year. Excluding this change, the rise in operating profit was 49 per cent.

SDS made capital gains on its bond holdings of DKr 83m during the year and losses of DKr 21m on its share holdings. The net profit declared is DKr 322m, which is DKr 80m or 56 per cent ahead of the 1977 result.

SDS was formed in 1973 from the merger of three large Danish savings banks. In its sixth accounting year its balance sheet grew by 11.5 per cent to DKr 20.4bn. The guarantee and reserve capital at the end of 1978 totalled DKr 1.66bn against DKr 1.44bn a year earlier.

Papyrus lifts profits

By William Dullforce in Stockholm

PAPYRUS, the Swedish pulp, paper and board group, yesterday reported pre-tax earnings of SKr 43.3m ($9.9m) on a turnover of SKr 1.2bn ($276m) for the last eight months of 1978. The profit is SKr 3m more than the result achieved in the previous 13-month accounting period, if the state stock subsidy then received is excluded.

The board proposes to pay shareholders a dividend of SKr 3 a share for the eight months, in comparison with the SKr 2.90 a share paid on the previous 13 months.

Au Printemps hopes to pay dividend next year

AU PRINTEMPS, one of France's top retail groups, has broken a loss-making run, aims to increase profits this year, and hopes to start paying dividends again in 1980.

M. Bertrand Maus, the chairman, told an investors' symposium in Paris yesterday that the group would show a consolidated net profit of between FFr 50m and FFr 60m (some $11.5m to $14m) for 1978, compared with a loss of FFr 64.5m the year before.

The profit is the group's first for four years and only the second in eight years. If this year's performance is as satisfactory, Au Printemps intends to resume dividend payments next year.

The turnaround in results comes after two years of rigorous management. The closure of some of Au Printemps' more risky ventures, such as in the outskirts of Paris, and a reduction in its workforce from over 22,000 to under 20,000.

Sales in metropolitan France increased by about 10 per cent last year, from FFr 10.2bn to FFr 11.1bn ($2.6bn), compared with a 9 per cent growth the year before, which was already double 1976's.

M. Maus said the group's policy would continue to be cautious this year but that the recovery programme could now be considered successful.

Au Printemps is pursuing its strategy of returning to town centres after loss-making experiments in new urban developments, but is planning some new ventures, including the setting up of a menswear chain. Investments of FFr 190m are planned this year.

The company consolidated its position in the Prisunic popular store business last year by increasing its stake in Fisuma, a company which run a chain of stores bearing the Prisunic emblem. The acquisition also gives Au Printemps an increased stake, of about 25 per cent in the Euromarche supermarket business.

M. Maus said that the group would try to concentrate on the areas where it already had a solid reputation, such as textiles, fashion and interior decoration. It would be suicidal, he said, to take on competition such as the hypermarkets on all fronts.

Currency translations hit Georg Fischer sales

BY JOHN WICKS IN ZURICH

GROUP SALES of the Swiss engineering concern Georg Fischer, Schaffhausen, fell by some 8 per cent last year from SwFr 1.4bn to SwFr 1.28bn ($766.47m). According to a prospectus published by the parent company in connection with the issue of SwFr 50m of eight-year bonds at 3 per cent, well over half this decline was due to translation losses on the turnovers of foreign subsidiaries.

Group profits for 1978 will have been below the SwFr 20m ($11m) booked for the previous year. Production units, mainly located in Switzerland, for machine tools and certain other machines and steel castings, were particularly affected by the exchange-rate situation and heavy competition, while wheels manufacture suffered from the sharp fall in lorry purchases by OPEC countries. Among operations with "satisfactory to good results" were the British castings manufacture, automotive castings in Germany and such other sectors as electro-armatures, plastic products and processing and casting machinery.

For 1979, Georg Fischer reckons that with more stable monetary and economic conditions there will be an improvement in profitability.

Swiss Confederation bond issue

BY OUR ZURICH CORRESPONDENT

THE SWISS Confederation is to float SwFr 250m on the domestic bond market from February 26 to March 2 at an interest rate of 3⅜ per cent. The 12-year bonds are intended for repayment and re-financing of a 5 per cent issue from the year 1967, with original maturity in 1982. This is now to be redeemed prematurely on March 15.

The new Federal bonds, which will be offered at 100½ per cent of nominal value, will have a minimum denomination of SwFr 5,000. They are the first to be issued since the float of SwFr 500m at 3¾ per cent in February, 1977.

Esselte profits well on target

By William Dullforce in Stockholm

THE NINE-MONTH report released by Esselte showed the expanding Swedish office equipment, packaging and printing group to be well on target for its forecast 30 per cent growth in pre-tax earnings.

The board announced at the same time that it was calling an extraordinary general meeting on March 7 to authorise a convertible bond issue in foreign currency and a stock split halving the nominal value of the shares to Skr 50 each.

The pre-tax profit of Skr 182m ($41.8m) achieved in the nine months to December 31 was a Skr 53m improvement on the group's performance in the corresponding period of 1977. Sales were 37 per cent ahead at Skr 2.47bn ($568m).

These figures include seven-month figures for Dymo Industries, the American company taken over by Esselte last year.

The management is keeping to its half-way forecast of a Skr 230m pre-tax figure for 1978-79 as a whole.

The board is seeking authority from shareholders for a convertible bond issue in foreign currency to a maximum amount of Skr 175m.

EUROBONDS

Increased demand boosts prices in dollar sector

BY JOHN EVANS

EURODOLLAR Bonds recorded a modest advance yesterday, following a slightly higher level of investor demand. Most investor interest was centred on quality bonds yielding around 10 per cent.

The $50m 10-year convertible for Honda has been priced at par, bearing 5½ per cent. The issue is convertible from May 1 into Honda stock at Y532 a share. Based on yesterday's closing price in Tokyo of Y484, the conversion premium is 9.92 per cent.

Deutsche-Mark international bonds continued to perform poorly, amid rumours of an impending cut in new issue volume.

WestLB confirmed that CNT's DM 100m eight-year Eurobond will carry a 6½ per cent coupon with pricing of 99 per cent.

Elsewhere, Eurosterling bonds attracted widespread support, with gains of up to three points. Demand spilling over from foreign purchases of British domestic Government bonds helped this sector, dealers said.

John Wicks adds from Zurich: The Canadian Government is to borrow a total of SwF 1.5bn in Switzerland in a three-way transaction. The Swiss National Bank has given its approval to the package which had been heralded last week in Ottawa by Canada's Finance Minister, M. Jean Chretien.

The borrowing will be made up of a public offering of Canadian Government bonds, probably between March 9 and 14, equal to SwF 500m, a private placement of a further SwF 500m of notes and a bank loan of SwF 500m.

The bonds involved in the public offering will have a ten-year maturity and a coupon expected to be under 3¾ per cent. The private placement will be of six-year notes and the bank loan will be of a shorter maturity still. Details are not yet available.

Over the past year Canadian bond offerings on the public Swiss capital market have totalled SwF 338m with coupons varying from 3¾ per cent to 4¾ per cent.

Meanwhile, Credit Suisse, which headed the syndicate for the Kingdom of Denmark's SFr 100m bond issue, offered at par at 3¾ per cent, announced that the issue was fully subscribed.

MEDIUM-TERM CREDITS

Statoil to raise $300m

BY FRANCIS GHILES

NORWAY'S STATE oil company, Statoil, is raising $300m for ten years on a split spread over the interbank rate of ⅝ per cent for the first seven years rising to ¾ per cent. Chase Manhattan Bank Ltd is co-ordinating this loan as it played a similar role with the previous loan for Statoil arranged last winter. The terms of the current loan are slightly finer than those obtained by the borrower last year.

As was the case last year, a small group of banks will participate in this loan.

Another European borrower, Instituto per lo Sviluppo Economico dell' Italia Meridionale (ISVEIMER) is raising $100m for five years with 36 months grace on a spread of ⅞ per cent throughout. Lead Manager is Dillon Read.

Taragona Quimica, the Spanish chemical company, is raising $25m for eight years on a spread of ⅞ per cent through a group of banks led by Continental Illinois Ltd. The grace period is 42 months and the two parent companies, Union Explosivos Rio Tinto and Hoechst A G are guaranteeing respectively 55 per cent and 45 per cent of this loan.

In Asia, the Korea Exchange Bank is raising $200m for ten years with three years grace and a split spread of ⅝ per cent for the first two years rising to ¾ per cent, from a group of banks led by Lloyds Bank International and Chase Manhattan Ltd. The management fee is understood to be ⅜ per cent. These terms are identical to those on the $200m loan raised by the same borrower last autumn.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published *on the second Monday of each month.* Closing prices on February 20

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9¼ 88	25	94¼	94¾	+0¼	−0¼	10.17
Australia 8.45 83	175	95½	96	+0⅛	−0¼	9.91
Australia 9⅛ 93	75	95¾	96⅛	−0⅛	−0⅞	9.88
CECA 8¾ 87	50	93½	93⅞	0	−0⅞	9.89
CECA 9¾ 84-99	50	95⅞	96½	0	−0⅛	9.81
CNT 9 93	75	94⅝	94⅝	+0⅛	0	9.74
Canada 9 93	400	97⅝	98⅛	0	0	9.80
Canada 9¼ 98	350	96½	97	0	−0⅛	9.65
Canadair 8½ 83	70	94¼	94¾	+0⅛	0	10.11
Dominion Bridge 9 86	25	94¾	94¾	+0⅛	−0⅛	10.08
EIB 9⅛ 98	125	94¾	95¼	0	+0⅛	9.90
Export Dv. Cpn. 9.85 84	150	100	100½	0	+0⅛	10.02
Eksportfinans 9 86	50	95⅛	95⅝	+0⅛	−0⅛	9.88
Finland 8¾ 83	100	96¼	96¾	0	−0⅛	9.89
Finland 9 88	100	94⅞	95⅜	0	+0⅛	10.03
Finland 9½ 86	100	97⅛	97⅝	0	−0⅛	10.03
Hospital O/S 9 83	25	96⅝	97⅛	+0⅛	0	9.85
Itel Finance 9¾ 90	30	93⅜	93⅞	+0¼	−0⅛	10.72
J. C. Penney 8½ 83	100	95⅛	95⅝	0	−0⅛	9.77
NZ Dev. Fin. 8⅞ 83	20	93⅜	93⅞	+0⅛	0	10.00
NZ Dev. Fin. 8¾ 85	20	93	93½	+0⅛	−0¼	9.85
Nat. West. 9 86	75	96⅛	96⅝	0	−0⅛	9.65
Newfoundland 9¾ 90	50	95¾	96¼	0	−1⅛	9.84
Nord. Inv. Bk. 8¾ 88	25	94⅛	94⅞	−0¼	−0½	9.64
Norsk Hydro 9¾ 94	50	94⅞	95⅜	0	−0½	9.88
Norway 7⅞ 83	250	92¾	93¼	+0⅛	−0⅛	9.98
Norway 8¾ 83	150	96½	97	0	−0⅛	9.91
Norway 9¾ 84	150	100⅛	100⅝	+0⅛	+0½	9.88
Occidental 8⅞ 85	75	92	92½	+0⅛	−0⅛	10.61
Ont. Hydro 8½ 85	175	93¼	93¾	+0¼	−0⅛	9.92
Quebec Hydro 9½ 93	50	96⅜	96⅞	0	−0⅛	9.94
Sweden 9¼ 98	125	94⅞	95⅜	0	−0⅛	10.06
UK 8¼ 85	200	95¼	95¾	0	+0⅛	9.70
UK 8⅞ 93	150	93¾	94½	0	−1⅛	9.87

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5½ 87	70	97½	98	−0⅛	0	5.88
Argentina 6½ 88	150	95¼	95¾	+0⅛	−0⅛	7.17
Australia 6 88	250	99½	100	+0¼	+0⅛	6.03
Austria 5½ 90	150	91⅞	92⅜	+0⅛	+0¼	6.72
Bankamerica 5¾ 90	150	98	98½	−0⅛	+0⅛	5.96
Bq. Ext. Algerie 7⅛ 85	100	95⅝	96⅛	0	−0⅛	8.08
Brazil 7¼ 87	150	100⅛	100⅝	0	0	7.18
CECA 6 88	150	96⅜	96⅞	+0¼	+0⅛	6.47
Canada 4¾ 83	600	97⅜	97⅞	0	+0⅛	5.38
Ch. Manhttn. O/S 6 93	100	98¾	99¼	−0⅛	−0⅛	6.11
Commerzbank WW 3½	100	99½	100½	+0⅛	+0½	3.50
Commerzbank XW 3½	100	81	82	0	+0½	6.15
Copenhagen City 6 90	75	90½	91½	+0⅛	−0½	7.16
Council of Europe 6⅛	100	97	97½	0	−0⅛	6.51
Council of Europe 6¼	130	96¾	97¼	−0⅛	−1½	6.67
Denmark 5¾ 85	100	96	96½	0	−0⅞	6.53
Denmark 6½ 89	100	96¼	96¾	0	+0⅛	7.00
EIB 6 90	300	93⅝	94⅛	0	0	6.77
EIB 6½ 91	200	96½	97	0	+0½	6.91
Eurofima 6½ 89	100	98⅝	99⅛	0	+0⅛	6.56
Finland 6 83	150	100	100½	−0½	+0½	5.90
Hitachi Ship. 5¾ 83	50	99¼	99⅞	0	−0¼	5.84
IBJ 5 84	100	96⅝	97⅛	−0⅛	−0⅛	5.75
Indonesia 7 84	100	97¾	98¼	0	0	7.44
Kobe, City of 5¾ 86	100	97¾	98¼	−0⅛	−2¾	6.09
Mitsubishi Petro. 5¾ 85	100	99⅝	100⅛	0	−0½	5.77
New Zealand 6⅛ 87	200	99⅝	100⅛	0	−0⅛	6.27
Nippon Steel 5¾ 85	100	98⅝	99⅛	−0⅛	−0⅛	5.96
Nippon Tel. & T. 5½ 87	100	96	96½	−0⅛	−0⅛	6.11
Nordic Inv. Bk. 6¾ 86	80	97⅝	98⅛	+0¼	+0⅛	6.64
Norges Komm. 6 90	100	95⅜	96⅛	0	+0⅛	6.50
Norges Komm. 6¼ 89	150	97⅛	97⅝	0	0	6.60
Norwegn. Ind. Bk. 6 90	125	94¼	94¾	−0⅛	−1	6.71
Occidental 6¾ 90	150	95¾	96¼	0	−0¼	7.28
OKB 6½ 88	100	100	100½	0	−0⅛	6.46
Petroleo Brazil 7 88	100	97¾	98¼	0	−0⅛	7.29
PK Banken 5¾ 88	100	91⅞	92⅜	0	−0⅛	6.91
Ricoh 5¼ 83	30	97⅛	97⅝	0	−1⅞	5.93
Statoil 6 88	150	94⅞	95⅜	+0⅛	+0⅛	6.68
UDS Group 5¾ 83	65	96¼	96¾	0	−0⅞	6.69
Union Bank Finn 6½ 88	50	94¾	95¼	0	−0⅛	7.24
Venezuela 6½ 90	150	93⅛	93⅝	0	+0⅛	7.36
World Bank 6¼ 88	400	97	97½	0	+0⅛	6.64

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5¼ 88	40	104½	105	−0¼	+0⅞	4.61
Amer. Exp. Int. 3½ 93	40	101¼	101½	+0¼	−0⅞	3.38
Arlberg Tunnel 4 93	40	101½	102	0	−0⅛	3.84
Austria 3½ 93	100	99½	100	0	+0⅛	3.51
Brazil 4¾	100	100	100½	−0⅛	+0¼	4.23
Chase Manhattan 4 93	70	105¼	105¾	+0⅛	+0⅛	3.51
Council of Europe 4¼	100	104	104½	−0⅛	+0⅛	3.81
Bankamerica 3¾ 93	80	102½	102¾	+0⅛	+0⅛	3.52
BNDE 5 88	75	102½	102¾	−0⅛	−0⅛	4.68
Denmark 4½ 90	100	104⅞	105⅛	−0⅛	+0⅛	3.95
Denmark-Mortgage Bk.	80	104½	104¾	−0⅛	−0⅞	3.98
EIB 4¼ 93	100	102¾	103¼	−1¾	−0⅞	3.97
Euratom 4¼ 93	80	103	103½	+0⅛	−0⅛	3.85
F. L. Smidth 4½ 89	25	103¼	103⅞	+0¼	+0¼	4.05
Finland 4½ 93	50	102⅝	102⅞	0	−0⅛	4.24
GZB 4½ 93	100	103⅞	104⅛	−0⅛	−0⅛	4.12
ICI Fin. NV 4¼ 93	100	104¼	104¾	+0½	+0⅛	3.82
Malaysia 4¾ 90	80	99⅝	99⅞	−0⅛	−0⅛	4.78
Manitoba 4 93	100	104¾	105¼	0	+0⅛	3.55
Newan 4 93	70	103	103½	0	0	3.70
New Zealand 3½ 94	120	†99¾	100	+0½	+0¼	3.51
Norges Komm. 4¼ 90	100	105⅛	105⅝	−0⅛	+0¼	3.66
OKB 4 93	80	103¼	103¾	−0⅛	−0⅞	3.70
Oy Nokia 5 90	20	103¼	104½	−0¼	−0½	4.57
Safe 4¼ 93	30	103⅜	103⅞	+0¾	0	3.90
Sandvik 4 90	85	103¾	103⅞	0	−0⅛	3.60
Seas 4½ 88	75	103½	104	+0¼	+0⅛	4.00
Voest-Alpine 4½ 93	100	104¾	105¼	0	+0⅛	4.03
Vorarlberg Kraft 4 93	30	104½	105⅛	−0⅛	+0½	3.56
Vienna 4 93	100	101½	101¾	−0⅛	−1⅛	3.85
World Bank 4½ 93	250	103½	103¾	+0⅛	0	3.92

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5¾ 88	15	91⅞	92⅞	−0⅛	−2⅛	6.86
Australia 5.6 83	30	99⅞	100⅞	0	−0⅛	5.68
Australia 6½ 88	20	96¼	97¼	0	−1½	7.10
BFCE 6.4 90	30	93¾	94¾	−0⅛	−0⅛	7.27
Eurofima 6.3 90	10	†93¾	94¾	−0⅛	−0⅛	7.17
Finland 5.6 83	10	97⅞	98⅞	−0⅛	−0½	6.08
Finland 6.8 88	10	96¼	97¼	−0⅛	−0⅞	7.40
Sweden 6.3 90	40	92	92¾	−0⅛	−1⅛	7.44

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold. 11½ A$	12	†94¼	95¼	0	−0½	13.02
Auto Cote B. 7 93 EUA	16	91½	92½	0	+0¼	7.95
Copenhagen 7 93 EUA	30	91½	92½	0	0	7.96
Komm. Inst. 7½ 93 EUA	15	97	98¼	+0¼	−0⅛	7.77
Panama 8¾ 93 EUA	20	94	95	0	0	8.93
SDR France 7 93 EUA	22	92	93¼	0	−0⅛	7.87
Algemene Bk. 6¼ 83 Fl	75	94	94½	−0½	−0½	7.85
Brazil 7½ 83 Fl	75	94½	95¼	0	−0⅛	8.95
CFE Mexico 7½ 83 Fl	75	97¾	98⅜	0	+0¼	8.28
EIB 7⅛ 85 Fl	75	94⅞	95⅜	−0¼	−0½	8.20
Nedar. Midd. 6½ 83 Fl	75	93½	94½	−0⅛	−0½	8.13
New Zealand 6¾ 84 Fl	75	94½	95	−0⅛	−1	8.01
Norway 6½ 83 Fl	100	94¾	95	0	0	8.03
OKB 6½ 85 Fl	75	90¾	91½	0	−0⅛	8.37
Elf Aquitaine 9¾ 88 FFr	150	99¼	99⅞	−0⅛	−0⅛	9.80
EIB 9¾ 88 FFr	200	99½	100	−0⅛	−0⅛	9.77
PSA Peugeot 9¾ 87 FFr	175	99¾	100¼	0	−0¼	9.75
Unilever 10 85 FFr	100	101½	102⅛	0	−0¼	9.59
BAT 8 88 LuxFr	250	97	98	0	−0⅛	8.38
Bayer Lux. 8 86 LuxFr	250	97¼	98¼	0	0	8.38
EIB 7¾ 88 LuxFr	250	96½	97½	0	−0¼	8.21
Finland I. F. 8 88 LuxFr	250	96¾	97¾	0	0	8.45
Norway 7¾ 83 LuxFr	250	96⅞	97⅞	0	0	8.46
Norges Km. 8 86 LuxFr	500	98¾	99¼	+0⅛	+0⅛	8.12
Renault 7¾ 88 LuxFr	500	96½	97½	0	0	8.21
Solvay Fin. 8 85 LuxFr	500	100¼	101¼	0	−0¼	7.84
Swedish Bk. 8 88 LuxFr	500	98⅞	99⅞	0	−0⅛	8.08

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Intl. Bk. M6.5 83	0¾	96	99½	31/7	11.44	11.82
BFG Fin. Co. M5.5 89	0¼	98⅜	98⅞	12/7	12.4	12.57
Bco. El Salvador M6 83	1¼	97¾	98¼	12/4	11.31	11.53
Bco. Nac. Argnt. M8 83	0¼	99¼	99¾	21/7	12¼	12.31
Bank Handlowy M8 88	1⅛	97¼	97¾	25/11	12.94	13.25
Bank of Tokyo M5½ 93	0¼	97¼	97¾	18/4	10½	10.77
Banque Worms M5¼ 85	0¼	98½	99¼	15/6	12	12.20
Bq. E. d'Alg. M8.375 84	0¾	96¼	96¾	9/8	11⅞	12.31
Bq. E. d'Alg. M7.5 85	0¾	95¾	96¼	2/5	12¾	13.35
Bq. Indo et Suez M5½	0¼	98⅞	99⅜	25/7	12	12.14
Bq. I. Af. Occ. M6.5 83	0¾	97⅝	98⅛	12/7	12.4	12.67
CCCE M5.25 98	0¼	97½	98	3/8	11⅞	11.64
Ch. Man. O/S M5¼ 93	0¼	97¾	98¼	27/7	11.73	11.98
Credit National M5¼ 88	0⅛	98¼	98¾	11/7	12.31	12.52
Gotabanken M6 88	0¼	98⅜	98⅞	15/5	12.31	12.48
Ind. Bk. Japan M5½ 85	0¼	99¾	100¼	1/6	12.35	12.35
Liubljanska M7.75 85	1	96⅞	97⅜	18/7	12.94	13.34
LTCB Japan M5¾ 85	0¼	99	99½	9/6	12.06	12.15
Midland Intl. M5½ 93	0¼	98⅜	98⅞	20/7	12¼	12.42
Nat. West. M5½ 90	0¼	98⅞	99⅜	21/6	12½	12.61
Nipp. Crdt. Bk. M5.5 85	0¼	99⅞	100⅜	22/6	12.81	12.80
OKB M5¾ 88	0¼	100½	101	18/4	10.56	10.48
Offshore Mining 86	0¼	98⅞	99⅜	19/7	12.19	12.30
Petro Mexicano 7½ 84	0¼	98⅜	98⅞	24/7	12.08	12.23
Privredna Banka M8 86	0⅞	95¾	96¼	22/8	13.44	14.03
Standard Chrt. M5.5 90	0¼	97⅛	97⅝	10/2	8.94	9.18
Sundsvallsbnkn. M6 85	0¾	97	97½	4/4	10.06	10.35

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5¾ 93	9/78	628	102⅞	104⅞	−0⅛	15.87
Baker Int. Fin. 5½ 93	1/79	34	†105½	107	+1½	4.32
Boots 6¾ 93	2/79	2.16	90¾	91¾	+0⅛	−5.73
Coca-Cola Bottling 6½	4/79	9	89¼	90½	−0½	26.78
Ito-Yokado 5¾ 93	6/78	1473	120¼	121⅛	+0⅛	−1.50
Novo Industri 7 89	4/79	259	88	89	+0⅛	8.55
Texas Int. Air. 7½ 93	4/79	14.5	†89	90½	+0⅛	15.68
Thorn Int. Fin. 7 88	11/78	3.67	98	99¼	+0⅛	−1.73
Tyco Int. Fin. 8½ 88	9/78	21	†99	100½	−0⅛	14.78
Tyco Int. Fin. 5 84	5/78	61.5	†74	75½	−1	151.90
Asahi Optical 3½ DM	12/78	588	96⅞	97⅞	+0¼	2.03
Casio Cp. 3½ 85 DM	11/78	841	95¼	96¼	−0⅛	5.71
Izumiya 3½ 86 DM	10/78	989	90⅞	91⅞	−0¼	2.40
Jusco 3½ 86 DM	1/79	1270	90⅞	91⅞	−0½	25.72
Kansai Elec. 4 84 DM	4/79	135	93⅛	94⅛	0	−89.18
Konishiroku 3½ 85 DM	1/79	612	93	94	−0⅛	9.54
Marudai Food 3½ DM	2/79	1033	90½	91½	−1⅛	10.12
Murata M. 3½ 86 DM	11/78	854	95⅛	97⅛	−1⅛	−4.31
Nipp. Air. 3.5 88 DM	12/78	508	87⅛	88⅛	+0⅛	1.38
Nippon Shinpan 3¾ DM	8/78	738	100	101¼	+0⅛	2.07
Nippon Ysn. 3½ 85 DM	1/79	251	95⅜	96⅜	0	4.50
Nissan Diesl. 3½ 85 DM	2/79	477	90⅞	91⅞	−0⅛	8.56
Olymp. Opt. 3½ 85 DM	2/79	703	98⅞	99⅞	0	0.62
Ricoh 3½ 86 DM	10/78	617	95⅛	96⅛	−0¼	14.18
Sanyo Electric 3½ DM	11/78	295	89½	90½	−0⅛	−2.91
Seiyu Strs. 3¾ 86 DM	9/78	1275	105⅛	106⅛	−0⅛	−3.62
Sharp Cp. 3½ 86 DM	2/79	487	93½	94½	−0⅛	0.30
Stanley Elec. 3½ DM	11/78	673	90⅞	91⅞	−0⅛	16.77
Tokyo Elec. 3½ 87 DM	4/79	478	92¼	93¼	+0⅛	3.82
Trio-Kawd. 3½ 86 DM	11/78	711	86⅛	87⅛	−0⅛	23.89

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

EUROPEAN BANKING

Volksbank looks east

BY JOHN WICKS IN ZURICH

THIS WEEK, the Berne-based Swiss Volksbank is in the news as the only big bank in the country as yet to cut back its dividend for 1978. Net profits dropped from SwFr 55.5m ($33.2m) to SwFr 52.3m last year, due primarily to tighter interest margins and the ban —recently lifted after almost a year—on most foreign purchases of Swiss-franc securities.

Transfers to reserves match the SwFr 15m made in 1977. Shareholders see a reduction in dividend from SwFr 80 to SwFr 70, or from 16 to 14 per cent. But this indicates no lack of vigour in the pursuit of new business.

Share price

Word got out several months ago that Volksbank was considering a lower payment. In the second half of November the share price declined by 11.5 per cent and the bank had to carry out support buying of its own shares. The shadow over its affairs was deepened by what proved to be groundless rumours of major losses in foreign exchange and other operations.

Despite these passing clouds, Swiss Volksbank is in good shape. On Tuesday, after the reduction of dividend had been made public, the share price was around SwFr 2,000, as compared with SwFr 1,790 on November 28: over the past five years earnings per share have been the highest of any of the "Big Five"—of which Volksbank is number four. The Board is confident that stockholders will accept the drop in dividend—sure enough, in fact, to have indicated already that no return to the 1977 level is likely this year.

Certainly, last year's decline in profits by no means resulted from a fall in overall operations. The balance-sheet total grew by a gratifying 8.6 per cent to SwFr 12.93bn, the expansion in activities necessitating a 200-strong growth in the labour force—in its turn one contributory reason for the rise in costs and narrowing of earnings. For 1979, the balance sheet is seen as rising by another SwFr 800m-900m. No estimates are possible yet as to profits, but this year seems to have got off to a good start, particularly with the lifting of the non-resident portfolio investment restrictions.

With regard to expansion policy, Swiss Volksbank—which has the legal form of a co-operative but is very much the sophisticated big bank in all its ways—is looking outward rather than at the domestic market. This is not necessarily the position of other members of the "Big Five," some of whom are now working hard to build up their Swiss base. In fact, Volksbank already has a large domestic network—bigger, indeed, than that of Credit Suisse. But it has also brought the foreign share of its assets up to some 20 per cent and could well expand this further to about one-quarter. This important foreign stake is not wholly new to Volksbank, which in the 1920s had more foreign accounts than any other Swiss bank and was still the second biggest in this sector before its crash in the 'thirties.

Unlike other Swiss institutions, Volksbank has been interested less in establishing itself in the U.S. and the Middle East and more in a Far-Eastern presence. One of the really big names in business with Japan and China (helpfully, its English translation is "Swiss People's Bank"), it set up in Tokyo last July and is already to expand its office there this April. In the next two years, Volksbank may increase its foreign network in the Far East and South-East Asian area to meet growing client requirements. One possibility would be Singapore, in which Swiss industry and the bank itself sets considerable hopes; another is Hong Kong.

As to an actual permanent presence in China, Volksbank says it would not create a branch there for purely prestige purposes. This, in fact, would seem superfluous in view of its existing good connections with China through such channels as embassy services and the Bank of China.

Euromarkets

This does not mean that Volksbank is interested only in Asia. It opened up Banque Populaire Suisse SA in Luxembourg in 1975 and, as a joint venture of the Berne parent and the Luxembourg subsidiary, a representative office in London 1977. These offices meet important client needs, especially in Euromarket business, and London facilities are to be extended next month. No further Western European operations are planned at this stage.

CAPITAL MARKETS

Mandate near for Dubal credit

By Kathleen Bishtawi in Dubai and Francis Ghilès in London

A mandate is expected to be awarded shortly for a $220m commercial credit for Dubai Aluminium Company (Dubal). This loan is part of a larger financial package, amounting to $540m, the balance of which is made up of an Export Credits Guarantee Department loan. Lloyds Bank International is leading the ECGD-backed loan. The funds are earmarked for the construction completion costs and start-up expenses of Dubal's aluminium smelter, the cost of which has risen above $1bn.

The initial cost of building the plant was financed, in 1976, by a loan arranged by Morgan Grenfell and managed by Lloyds Bank International, Wardley Middle East and Arab and Morgan Grenfell Finance.

Towards the end of last year, Dubal approached Lloyds Bank which insisted that if it were to help arrange the commercial loan (Lloyds Bank has been in charge of the ECGD guaranteed loan all along) up-to-date information on the project and certain financial data on Dubai would have to be provided. Dubal was in a hurry and decided to switch horses in midstream: it approached the Banque Arabe et Internationale d'Investissement, to which it awarded a tentative mandate. BAII sounded out the market: a split spread of ⅞ per cent for the first eight years rising to 1 per cent for the last two elicited little enthusiasm.

When BAII raised the terms to offer a spread of 1 per cent for eight years the response is understood to have been considerably better. BAII was unable to proceed further, however, because the bank's holding company, Compagnie Arabe Internationale d'Investissement (CAII) held in Bahrain decided at the beginning of February not to let BAII proceed with the business. The decision has caused anger in the Lower Gulf.

The shareholders of BAII include the National Bank of Bahrain, three Kuwaiti banks, the Abu Dhabi Investment Authority, 13 other Arab banks and 18 western financial institutions. Some observers see the explanation for the CAII decision in rivalry between Bahrain and Dubai. Bahrain's aluminium smelter has been operating for several years now, although its profitability is uncertain.

A BAII shareholder in Bahrain commented that "one smelter in the Gulf was enough."

With the crisis in Iran casting uncertainty over the region the question of financial information about Gulf states and projects — often hard to obtain — is becoming more important. The viability of the aluminium project is not in doubt but those banks which financed the project at the start are in a better position to assess the scheme and its cost increase than a bank which has not been so closely involved.

A further question relates to the extent of Dubai's indebtedness, which has never been very clear because of the blurring of the distinction between the ruler's assets and those of the government and lack of firm information on its oil and investment income. The Emirate's debt service ratio this year is estimated at about 35 per cent of its oil income and its government incurred debt including export credits is thought to be about $2bn.

Yen bond breakthrough for Sears

BY RICHARD C. HANSON IN TOKYO

SEARS, ROEBUCK, the U.S. retailing group, has been granted approval by the Finance Ministry to issue an unsecured debenture in Japan. This will be the first foreign corporate yen bond, and the first unsecured bond issued here since 1933.

Approval paves the way for Japanese companies themselves to issue bonds not secured by assets, but rigid standards set by agreement between banks and securities houses limit the approval list to only two—Toyota Motor Company and Matsushita Electric Industrial Company.

So far, 39 American companies rated triple A have met the rigid screening while examination of European companies has not yet been completed.

Sears itself will face uncertain market conditions when it comes to the market with Y20bn (equivalent to some $100m) in bonds late next month. The issue will probably be for five to seven years because demand for shorter maturity bonds is much greater than the long-term issues under pressure from heavy government bond floats.

Recent five-year Samurai bonds are trading at a premium on the secondary market. A Y40bn five-year bond was issued by Norway last November with a coupon of 5.6 per cent at 99.75 per cent, but is presently trading at 100.70. Five-year bank debentures here are trading at a premium of 30 base points. An Australian 5.6 per cent issue of Y30bn at 99.75 per cent now has a yield to maturity of 5.39 per cent, or a premium of 80 base points.

On the other hand, the long-term bonds have seen yields climb to over 7.0 per cent. An Australian bond floated last February at 6.6 per cent coupon now carries a yield to maturity of 7.15 per cent. The latest Samurai bond by the Inter-American Development Bank, of Y10bn for 15 years, carried a coupon of 6.9 per cent.

The Sears bond pricing will almost coincide with a Canadian five-year bond issue scheduled for March 27. This will be something of a test between triple A rated government and corporate bonds.

Meanwhile, the Government is expected to raise the present coupon on its long-term bonds from 6.1 per cent, under pressure from the market, sometime in March or April. This will help facilitate the large amounts of bonds it needs to during the next fiscal year which starts in April.

The floating of unsecured bonds by Japanese companies themselves will probably remain strictly limited. The Bankers Association is taking a rigid stand on who qualifies.

Moreover, an unsecured bond conflicts in principle with present agreements companies make with banks when receiving direct loans.

● Sears Roebuck has raised its quarterly dividend to 32 cents a share from 28 cents.

Recovery at LNC Industries

BY JAMES FORTH IN SYDNEY

LNC INDUSTRIES, a leading motor vehicle and spare parts distributor, staged an impressive recovery in the December half-year, boosting earnings 77 per cent from A$1.9m to A$3.38m (U.S.$3.84m). The results contrast with 1977-78 when profits for the year were halved, bringing the first setback in a decade for the group.

The group benefited from increased profitability in the motor divisions in the latest half, through improved sales, lower inventories and related costs. The parts, accessories and manufacturing divisions continued to progress. The directors said that the economy was showing signs of improvement and, while currency fluctuations continued to cause concern in relation to imported vehicles, given reasonable trading conditions they expected satisfactory results for the second half.

Interim dividend has been increased from 6 cents a share to 6.5 cents. Last year the company paid a final of 8.5 cents to maintain the total payout at 14.5 cents. The LNC directors also announced that they were withdrawing a $4.1m bid for the Queensland automotive parts distributor, Elphinstones.

The directors of Elphinstones had strongly resisted the bid and as part of their defence announced a one for two free scrip issue. In withdrawing the bid, the LNC board said the alteration of Elphinstones capital contravened and effectively frustrated the offer which had therefore been withdrawn.

Koor prepares for downturn in exports

BY L. DANIEL IN TEL AVIV

KOOR — The industrial holding company of the Israel Federation of Labour—increased its production by 8 per cent last year, and expects a further rise of 15 per cent this year. In money terms, 1978 sales reached I£14.9bn ($850m), an increase of 7 to 8 per cent after allowing for inflation. The 1979 target is I£24bn, which, assuming that inflation again reaches 48 per cent, means a real rise of 15 per cent.

Export estimates have had to be revised downward by "several tens of millions of dollars" after the revolution in Iran, which was an excellent market for both civilian and military products. Nevertheless, the export forecast for 1979 is $323m, compared with $282m in the past year. Thus exports account for 31 per cent of overall Koor sales. They represented 15 per cent of Israel's entire 1978 industrial exports (other than those of polished diamonds).

However, the profitability of exports is expected to fall from 6 per cent of turnover, before tax, to 5 per cent. Like other sectors of Israeli industry, Koor is deeply concerned by what it regards as the neglect of export industries by the current Government. The Koor director, Mr. Naftali Blumenthal, warned that export markets can be lost easily, and captured or recaptured only with great effort.

The reduction of credit available to industry, the increase in its cost, less Government participation in investments and the threat of tariff reductions all vitiate against industry, already under-capitalised and suffering from shortage of sufficient manpower which would make possible better utilisation of equipment.

Nevertheless, Koor intends to push ahead with expansion plans. Investments for 1979 are expected to rise to I£ 1.5bn or nearly double last year's. About I£ 36m of this is to go into the expansion of metal plants. A similar amount into Tadiran Electronics, and I£ 300m to the concern's chemical plants (pesticides, pharmaceuticals and paint), about I£ 240m has been earmarked for a $60m cement plant which Koor intends to set up in partnership with Clal, the country's largest private investment company.

Profits rise at Union Carbide

BY OUR SYDNEY CORRESPONDENT

A STRONG recovery in the second-half enabled Union Carbide Australia and New Zealand to shown an increase of 25 per cent in group earnings from A$5.27m to A$6.59m (US$7.5m) in the year to December 31. Results in the second-half jumped 57 per cent, from A$2.6m to A$4m after a subdued first period, when earnings were static at A$2.5m.

The directors said that each operating subsidiary earned higher profits than in the previous year and all major product groups contributed to the improved result. Sales rose 12.7 per cent, from A$127m to A$143 (U.S.$163m) and the directors have lifted the dividend payment from 12 cents a share to 13 cents. The higher payout is covered by earnings of 26.8 cents a share compared with 21.4 cents in 1977.

The directors said that sales of polyethylene resins and films continued to improve throughout 1978, production was at a high level of efficiency and inventories had been established at levels which enabled a consistently reliable service to be provided to the group's customers.

Results from dry cells battery products improved, but competitive imports restricted recovery of all cost increases. Raw materials and labour costs continued to rise throughout the year, and the increases were not fully recovered because of continued strong competition.

Israel extends ban on foreign currency credits

BY OUR TEL AVIV CORRESPONDENT

THE BANK OF ISRAEL has further tightened restrictions on foreign credits to Israeli companies and individuals.

After a 60-day ban imposed two weeks ago, which restrained Israeli companies from taking foreign currency loans, other than suppliers' credits, for periods of up to 2½ years, it imposed a total ban yesterday with a veiw to halting the expansion of credit available within the economy.

Due to the extremely high liquidity ratio on deposits in local currency, the commercial banks had been unable to meet demands for overdraft facilities and other forms of credit by their customers—a demand swollen substantially by high inflation.

On the other hand, because of inflation, current accounts have risen at a far slower rate.

Companies resorted, therefore, to loans from foreign sources for conversion into Israeli pounds, thus breaching the monetary policy. Since foreign loans are available at interest rates far below those charged locally, which are upwards of 35 per cent, even the risk of having to repay the loans at a less favourable exchange rate did not deter borrowers.

Moreover, since the devaluation of the Israeli pound, which was floated in October 1977, has been far slower than the rate of inflation, it has paid so far to put foreign loans into Israeli-pound bonds linked to the cost of living index.

Clyde in bid for Jaques

By Our Sydney Correspondent

CLYDE INDUSTRIES has made a A$7.32m (U.S.$8.3m) takeover bid for rival heavy engineer, Jaques. Clyde has offered A$2.00 a share cash on an ex-dividend basis, or A$2.045 a share cum the recently announced Jaques interim dividend. The offer price compares with A$1.50 on the market ahead of the announcement.

The Clyde directors said that they considered Jaques products were complementary to the activities of some of Clyde's subsidiaries. If the bid succeeded, Clyde expected that Jaques' product range and its markets could be expanded.

Dissidents force Irish Bank meeting

BY OUR DUBLIN CORRESPONDENT

LITTLE-KNOWN regulations in a bank charter almost 200 years old have enabled just nine shareholders to requisition an extraordinary general meeting of Ireland's second-largest banking group, Bank of Ireland.

The EGM, or extraordinary general court to give it its proper title under the charter, marks the latest stage in what has become virtually a crusade against the Bank of Ireland by one of its shareholders, Mr. Fergus Rowan.

Mr. Rowan's complaint against the bank goes back to its appointment of a receiver for the family seed company, M. Rowan and Company, of which he was a shareholder and director.

Mr. Rowan contends that the company was financially sound and that its troubles were in large measure due to the bank strike of 1970 and the cashing of over £14,000 in forged cheques drawn on the company. He alleges that the bank, which was also the landlord of the company's Dublin City premises, wanted the premises for itself. The receiver sold the leasehold to the bank at a public auction for £60,000.

At one stage—in 1975—Mr. Rowan and four of his children occupied the premises, which are now a branch of the bank, and the bank had to obtain a court order restraining him from such action.

The Bank of Ireland contends that its decision to appoint a receiver was taken on commercial grounds and that the company's overdraft at the time the bank secured a debenture was £240,000.

The Bank of Ireland, unlike its competitors, is governed by a charter of 1783 which allows nine shareholders, each holding not less than 460 units of stock, to requisition an extraordinary general meeting. Company law would require a much bigger shareholding for such action.

Mr. Rowan and his other stockholders intend to raise other matters at the meeting, including the sale of a metal company called Hammond Holdings. A subsidiary of the bank, the Investment Bank of Ireland, paid compensation of over £700,00 to the purchaser, TMG Group, after its chairman, Mr. Michael Smurfitt, had claimed that profit forecasts for the company were significantly overstated.

This should not have been a matter for the bank, but the fact that it held more than 18 per cent of the company's shares and that three directors of the bank were on the board at Hammond Holdings are thought to have persuaded it to pay the compensation, to the chagrin of others in merchant banking circles.

The Bank of Ireland claims that it will answer all these points and questions about the method of appointment of receivers and managers and representation on the Board of directors when the egm takes place on April 10.

Hong Leong gives details of takeover

By H. F. Lee in Singapore

HONG LEONG FINANCE has announced that it now owns 11.36m shares in Singapore Finance, representing 94.69 per cent of Singapore Finance's issued capital.

However, Hong Leong said that this figure is subject to the acceptances from the United Overseas Bank (UOB) being valid. UOB on Monday withdrew from the tussle with Hong Leong and decided to accept Hong Leong's cash alternative offer of S$3.60 per share for its Singapore Finance shares after its own offer failed to attract more than 50 per cent of Singapore Finance's issued capital.

The bank had received acceptances totalling only 4.47m shares, representing 37.29 per cent of Singapore Finance's issued capital. UOB submitted its acceptances for its 4.47m shares to Hong Leong five minutes before Hong Leong's offer closed on Monday.

Hong Leong said that it is consulting the Securities Industry Council on the validity of UOB's acceptances, and is now awaiting the council's ruling.

If UOB's acceptances are in order, Hong Leong, with more than 90 per cent of Singapore Finance's issued capital, can compulsorily acquire the remaining shares, under the Singapore Companies Act.

Union Bank of Finland increases earnings

BY LANCE KEYWORTH IN HELSINKI

THE UNION BANK of Finland increased both its net earnings and its share of the deposit market in fiscal 1978. It proposes to maintain a dividend of 13 per cent on Ordinary shares and 10.5 per cent on preference shares.

The books were balanced at FM 16.1bn ($4bn), which is 11 per cent higher than the balance sheet total for 1977. Deposits proper increased by about 15 per cent to FM 6.7bn, but if cheque accounts are included, the total increased by 18 per cent to FM 8.1bn. The real increases were 8 per cent and 11 per cent respectively.

The bank's loan portfolio totalled FM 11.8bn, an increase of 7 per cent on 1977. This relatively small increase in lending business was due to deliberate restraint in credit policy in order to improve liquidity and to the weak *demand for investment credit.* Net earnings for the year came to FM 44.3m ($11.35m), compared with just over FM 43m in 1977.

The proposed dividend distribution will amount to FM 42m. One reason for the good result is the sharp decrease in the need for central bank financing.

BUILDING SOCIETY INTEREST RATES

GREENWICH
(01-858 8212)
281 Greenwich High Road, Greenwich SE10 8NL
Deposit Rate 6.45%. Share Accounts 8.10%. Sub'pn. Shares 9.25%. Interest paid quarterly on shares/term shares. Monthly Income Shares 8.10%.

LONDON GOLDHAWK
(01-995 8321)
15/17 Chiswick High Road, London W4 2NG
Sub'pn. Shares 9.75%*. Deposit Rate 7.75%.
Share Accounts 8.50%*. 3 mnths. notice 9.00%*.
Term Shares 9.50%*, 3 yrs.; 9.25%*, 2 yrs.; 9.00%, 1 yr.
* Includes 0.25% Centenary Bonus throughout 1979.

Dollar and pound firm

The dollar traded quietly within a fairly narrow range yesterday, with various items of news having little influence on the foreign exchange market. Uncertainty over China's intentions in Vietnam had little or no impact, although there may have been a slight improvement by the dollar on first reports that China was about to end the conflict. News from Iran was also double edged, since any renewal of oil supplies may be accompanied by further price rises.

On Morgan Guaranty figures the dollar's trade-weighted depreciation narrowed to 8.2 per cent from 8.4 per cent on Friday. The dollar's movement against the Swiss franc was limited to a range of SwFr 1.6665 to SwFr 1.6790, despite reports that Switzerland intends to tighten its monetary policy, which may produce higher Swiss interest rates. The U.S. currency closed at SwFr 1.6715, compared with SwFr 1.6710 on Monday.

The D-mark also showed little change against the dollar, finishing unchanged at DM 1.8555, while the dollar improved slightly in terms of the Japanese yen, to close at Y201.00, compared with Y200.50 previously.

Sterling was probably helped by nervousness about the oil situation. It rose 15 points against the dollar to finish at $2.0040-2.0050. The pound opened at $2.0015-2.0025, and touched a high point of $2.0060-2.0070 in the afternoon. Sterling's trade-weighted index, as calculated by the Bank of England, rose to 63.7 from 63.6, after standing at 63.7 at noon and in early trading.

FRANKFURT — The dollar improved slightly, but temporarily on the announcement by China that it was withdrawing its troops from Vietnam. Earlier there had been no reaction to reports that the Chinese were trying to push deeper into Vietnamese territory. News that Iran intends to renew oil exports was of greater interest, helping the dollar to remain firm against the D-mark, although it lost ground from the opening level of DM 1.8595, to be fixed at DM 1.8578, compared with DM 1.8543 on Monday. The Bundesbank did not intervene at the fixing. By the early afternoon the U.S. currency was almost unchanged from its fixing level at DM 1.8580.

AMSTERDAM—The dollar was fixed at Fl 2.0076, compared with Fl 2.0050 on Monday.

PARIS — The dollar lost ground against the French franc after a day of moderate activity. It closed at FFr 4.28, compared with FFr 4.2890 in early trading, and FFr 4.28 at the close on Monday. The dollar declined when New York began trading after the long holiday week-end in the U.S., while the Swiss franc appreciated on reports that Switzerland is to tighten monetary policy, which is expected to lead to higher interest rates.

MILAN—The dollar rose to L842.05 against the lira at the fixing, from L840.45 on Monday. Dollars traded officially at the fixing totalled $16.7m, two-thirds of which were sold by the Bank of Italy. The D-mark was firm at L453.18, compared with L453.10 previously, while sterling and the Dutch guilder were also slightly stronger. During the afternoon the dollar eased to L841.70.

ZURICH—With the Iranian situation fairly quiet, and the China-Vietnam conflict having no serious impact on foreign exchange trading, the dollar held steady in quiet early trading. At midday the dollar was quoted at SwFr 1.6755 against the Swiss franc, compared with SwFr 1.6770 at the opening, and SwFr 1.6710 at the previous London close.

TOKYO—Strong demand for the dollar, and hopes that the currency will remain firm in the near future pushed the dollar up against the yen in moderate trading. It opened at Y200.70, and improved to Y201.00 by lunch, helped by buying from foreign banks. In the afternoon the U.S. currency remained firm, closing at Y201.22½, compared with Y200.37½ on Monday.

THE POUND SPOT FORWARD AGAINST £

Feb. 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0010-2.0070	2.0040-2.0050	0.45-0.35c pm	2.39	1.13-1.03c	2.16
Canada	2.3910-2.4005	2.3950-2.3960	0.55-0.45c pm	2.50	1.40-1.30c	2.25
Nethlnd.	4.00½-4.03½	4.01-4.02	2¼-1¾c pm	5.60	6¾-5¾c	6.10
Belgium	58.50-58.80	58.60-58.70	30-20c pm	5.12	80-70c	5.12
Denmark	10.30½-10.33½	10.31-10.32	1 ore pm-1 ore dis	par	Par-20ore	−0.39
W. Ger.	3.71-3.73½	3.71½-3.72½	3¼-2¾ pf pm	8.46	8¼-7¾pf	8.86
Portugal	94.60-95.60	95.00-95.50	30-100c dis	−8.19	20-200c	−4.62
Spain	138.30-138.60	138.50-138.60	20c pm-30c dis	−2.17	25-75c	−1.44
Italy	1,684-1,689	1,685½-1,686½	1lire pm-1lire dis	par	3¼-2¼lire	0.53
Norway	10.20-10.23	10.21-10.22	4¾-2¾ ore pm	4.41	12½-10½ore	4.50
France	8.57-8.60	8.57½-8.58½	4-3c pm	4.89	10¾-9¾c	4.77
Sweden	8.75-8.78	8.75½-8.76½	3¼-1¾ ore pm	3.77	8¾-7¾ore	3.59
Japan	400-410	402½-404½	3.40-3.10y pm	9.67	9.40-9.10y	9.12
Austria	27.20-27.30	27.20-27.25	22-12 gro pm	7.49	62-52gro	8.37
Switz.	3.33½-3.37	3.34½-3.35½	3¼-2¾c pm	11.19	10¾-9¾c	12.23

Belgium rate is for convertible francs. Financial franc 59.50-59.60. Six-month forward dollar 2.00-1.90c pm; 12-month 3.90-3.80c pm.

THE DOLLAR SPOT AND FORWARD

Feb. 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK	2.0010-2.0070	2.0040-2.0050	0.45-0.35c pm	2.39	1.13-1.03c	2.16
Ireland	2.0010-2.0070	2.0040-2.0050	0.55-0.45c pm	2.50	1.40-1.30c	2.25
Canada†	83.60-83.69	83.62-83.65	.20cdis-.10cpm	−0.15	0.10c-0.20c	0.07
Nethlnd.	2.0020-2.0092	2.0025-2.0045	0.60-0.55c pm	3.74	2.08-2.03	4.26
Belgium	29.25-29.33	29.26-29.28	7-6c pm	2.89	22½c-21c	2.97
Denmark	5.1440-5.1570	5.1440-5.1465	0.50-1.0 ore dis	−2.49	2.75-3.25ore	−2.43
W. Ger.	1.8540-1.8595	1.8550-1.8560	1.03-0.93pf pm	6.81	3.20-3.10pf	6.86
Portugal	47.44-47.65	47.44-47.52	25-35c dis	−7.58	50-110c	−7.16
Spain	69.14-69.23	69.14-69.19	Par-10c dis	−0.93	25-45c	−2.06
Italy	841.35-842.00	841.40-841.80	1.0-1.30 lire dis	−1.88	3.50-4.0lire	−1.92
Norway	5.0920-5.1045	5.0950-5.1010	1.15-0.75 ore pm	1.89	3.25-2.85ore	2.02
France	4.2780-4.2900	4.2810-4.2830	1.12-1.02c pm	3.15	2.98-2.93c	2.69
Sweden	4.3675-4.3780	4.3700-4.3710	0.75-0.55 ore pm	2.20	2.50-2.30ore	2.3[illegible]
Japan	200.25-201.00	200.90-201.00	1.25-1.15y pm	7.08	3.55-3.45y	7.02
Austria	13.57½-13.61½	13.58½-13.59½	6.75-6.0 gro pm	6.02	20-18gro	5.66
Switz.	1.6655-1.6775	1.6695-1.6705	1.33-1.26c pm	10.35	4.32-4.25c	10.47

† U.S. cents per Canadian $.

CURRENCY RATES

February 19	Bank rate %	Special Drawing Rights	European Unit of Account
Sterling	12½	Unavail.	0.674550
U.S. $	9½	"	1.35214
Canadian $	11¼	"	1.61513
Austria Sch.	4½	"	18.35987
Belgian F.	6	"	39.5500
Danish K.	8	"	6.95336
D mark	3	"	2.50754
Guilder	6½	"	2.71036
French Fr.	9½	"	5.78984
Lira	10½	"	1136.47
Yen	3½	"	271.306
Nrwgn. K.	7	"	6.88169
Spanish Pes.	8	"	93.5002
Swedish Kr.	6½	"	5.90207
Swiss Fr.	1	"	2.25874

CURRENCY MOVEMENTS

February 20	Bank of England Index	Morgan Guaranty changes %
Sterling	63.72	−40.5
U.S. dollar	84.41	−8.2
Canadian dollar	78.63	−18.8
Austrian schilling	147.28	+19.7
Belgian franc	114.82	+15.5
Danish krone	119.06	+7.4
Deutsche Mark	150.57	+42.1
Swiss franc	195.46	+82.8
Guilder	125.10	+21.1
French franc	99.35	−6.2
Lira	54.11	−49.4
Yen	143.79	+42.1

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England index=100).

OTHER MARKETS

Feb. 20	£	$		£ Note Rates
Argentina Peso	2170-2190	1082-1092	Austria	26.75-27.75
Australia Dollar	1.7700-1.7750	0.8828-0.8853	Belgium	59-60.
Brazil Cruzeiro	43.92-44.92	21.90-22.40	Denmark	10.24-10.34
Finland Markka	7.95-7.97	3.9651-3.9751	France	8.54-8.64
Greek Drachma	72.331-74.097	36.075-36.956	Germany	3.65-3.75
Hong Kong Dollar	9.61-9.64	4.7950-4.8080	Italy	1,650-1,700
Iran Rial	149.4-159.4	74-79	Japan	398-408
Kuwait Dinar (KD)	0.544-0.554	0.2713-0.2763	Netherlands	3.95-4.05
Luxembourg Frc.	58.60-58.70	29.24-29.29	Norway	10.15-10.25
Malaysia Dollar	4.395-4.415	2.1920-2.2020	Portugal	90-97
New Zealand Dlr.	1.8995-1.9045	0.9474-0.9496	Spain	139.50-144.50
Saudi Arab. Riyal	6.68-6.78	3.3317-3.3815	Switzerland	3.30-3.40
Singapore Dollar	4.3425-4.3625	2.1658-2.1758	United States	2.0000-2.0100
Sth. African Rand	1.68570-1.78848	0.8407-0.8521	Yugoslavia	40.5-42.5

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Feb. 20	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canadian Dollar	Belgian Franc
Pound Sterling	1.	2.005	3.723	403.5	8.583	3.350	4.015	1686.	[illegible]	58.65
U.S. Dollar	0.499	1.	1.857	201.3	4.282	1.671	2.003	841.0	[illegible]	29.26
Deutsche mark	0.269	0.538	1.	108.4	2.306	0.900	1.079	452.9	0.644	15.76
Japanese Yen 1,000	2.478	4.968	9.226	1000.	21.27	8.302	9.950	4178.	5.937	145.4
French Franc 10	1.165	2.336	4.337	470.1	10.	3.903	4.678	1964.	2.791	68.34
Swiss Franc	0.299	0.598	1.111	120.4	2.562	1.	1.199	503.2	0.715	17.51
Dutch Guilder	0.249	0.499	0.927	100.5	2.138	0.834	1.	419.9	0.597	14.61
Italian Lira 1,000	0.593	1.189	2.208	239.4	5.091	1.987	2.382	1000.	1.421	34.79
Canadian Dollar	0.417	.837	1.554	168.4	3.583	1.398	1.676	703.7	1.	24.48
Belgian Franc 100	1.705	3.418	6.347	688.0	14.63	5.712	6.846	2874.	4.084	100.

EURO-CURRENCY INTEREST RATES

Feb. 20	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	n.a.	10⅛-10⅜	8¾-9¾	7⅜-7⅝	1/16-3/16	3½-3⅝	6½-6¾	7-10	—	2⅝-3
7 day's notice	n.a.	10¼-10½	8¾-9¾	6½-6¾	1/16-3/16	3½-3⅝	6⅝-6⅞	10-11	10 1/16-10 3/16	2 11/16-3 1/16
Month	13¼-13⅝	10⅜-10⅝	10⅝-11	6½-6¾	⅛-¼	3⅝-3¾	7-7¼	12⅛-13⅛	10⅛-10⅝	2⅝-3¼
Three months	13¼-13⅝	10¾-11	10⅝-11	6½-6¾	¼-⅜	3⅞-4	7¾-8	13-14	10⅝-10⅞	3 3/16-3¾
Six months	13⅜-13¾	11-11¼	10⅝-11	6½-6¾	7/16-9/16	4⅛-4¼	8½-8¾	13½-14½	11 1/16-11 3/16	3 13/16-4 3/16
One year	13¼-13⅝	11-11¼	10⅝-11	6¾-7	11/16-13/16	4⅜-4½	9⅛-9⅝	13¾-14¾	11⅛-11¼	3⅞-4⅛

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.40-10.50 per cent; three months 10.60-10.70 per cent; six months 11.00-11.10 per cent; one year 10.95-11.05 per cent.

Long-term Eurodollar deposits: two years 10⅞-10⅝ per cent; three years 10 13/16-10 9/16 per cent; four years 10⅞-10⅝ per cent; five years 10 13/16-10 9/16 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Paris call money rate cut

Day-to-day money fell to 6½ per cent from 7 per cent in Paris yesterday, while the Bank of France kept its money market intervention rates unchanged. The central bank bought FFr 2.5bn of first category paper at an unchanged rate of 6½ per cent.

NEW YORK—Federal funds were quoted between 9⅞ per cent and 10⅛ per cent, compared with around 10 per cent on Friday. Treasury bill rates moved slightly firmer, with 13-week bills at 9.35 per cent compared with 9.28 per cent earlier; 26-week bills at 9.41 per cent against 9.36 per cent; and one-year bills at 9.38 per cent against 9.34 per cent.

FRANKFURT — Short-term interest rates were generally easier, with call money falling to 3.5-3.6 per cent from 3.6-3.7 per cent. Period rates also declined, with the exception of 12-month funds. One-month eased to 3.75-3.85 per cent from 3.8-3.9 per cent, and three-month to 4.05-4.15 per cent from 4.1-4.2 per cent. Six-month was quoted at 4.2-4.3 per cent, compared with 4.2-4.4 per cent, but 12-month money rose to 4.75-4.85 per cent from 4.6-4.7 per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were quoted as follows: one-month 7¾-7⅞ per cent, three-month 8-8¼ per cent; six-month 8¼-8⅜ per cent; and 12-month 8¼-8⅜ per cent. Call money eased to 4.55 per cent from 5 per cent.

AMSTERDAM — Call money was quoted at 7¼-8 per cent, compared with 7¼-8 per cent previously. One-month was 7¼-7⅜ per cent, against 7⅛-7¼ per cent; three-month 7⅜-7½ per cent, compared with 7¼-7⅜ per cent; and six-month 7⅜-7½ per cent, against 7¼-7⅜ per cent.

MILAN — Money market rates remained unchanged at 10⅞-11⅛ per cent for call money; 11⅛-11⅜ per cent for one-month; 11⅜-11⅝ per cent for two-month; and 11⅝-11⅞ per cent for three-month.

SINGAPORE — Industrial and Commercial Bank has followed the general trend and raised its prime lending rate to 8 per cent from 7½ per cent. The previous increase was to 7½ per cent from 7¼ per cent on December 1. Fixed deposit and savings account rates have also been raised. The one-month deposit has gone up to 5¼ per cent from 4¾ per cent; three-month to 5.75 per cent from 5.5 per cent; six-month to 6.25 per cent from 5.75 per cent; nine-month to 6.5 per cent from 6 per cent; and 12-month to 6.5 per cent from 6.25 per cent. Savings account rates are increased to 5 per cent from 4.5 per cent.

HONG KONG — The money market was tight, with call money at 8¾ per cent, compared with 8 per cent on Monday, and overnight funds at 8¾ per cent, compared with 6½ per cent.

MANILA—Money market rates are slightly firmer than early last week, with 30-day maturities at 12-14½ per cent, compared with 11-13 per cent; 60-day at 12½-14¼ per cent, compared with 11½-13½ per cent; 90-day at 12½-15 per cent, compared with 11½-13½ per cent, and 120-day at 12½-15 per cent, compared with 12-14 per cent.

GOLD

Active trading

Gold fell $⅛ to close at $247¾-248 after a quite active day. It opened at $248-248½ and fell to $246-246½ in the morning, but improved to $248.00 at the first fixing, and touched $248½-249¼ at lunch. Reports that China intended to withdraw from Vietnam pushed the metal down sharply to $245¼-246¼, but it rose slightly to $247.00 at the afternoon fixing.

In Paris the 12½ kilo gold bar was fixed at FFr 33,950 per kilo ($245.50 per ounce) in the afternoon, compared with FFr 33,960 ($246.28) in the morning, and FFr 33,900 ($246.18) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 14,865 per kilo ($249.96 per ounce), compared with DM 14,885 ($249.99) on Monday.

	February 20	February 19
Gold Bullion (fine ounce)		
Close	$247¾-248	$248-248½
Opening	$248-248½	$250¼-251¼
Morning fixing	$248.00 (£123.760)	$249.40 (£124.470)
Afternoon fixing	$247.00 (£123.161)	$248.10 (£123.852)
Gold Coins, domestically		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
Gold Coins, internationally		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	[illegible]	[illegible]

MONEY RATES

NEW YORK
Prime Rate
Fed Funds
Treasury Bills (13-week)
Treasury Bills (26-week)

GERMANY
Discount Rate
Overnight Rate
One month
Three months
Six months

FRANCE
Discount Rate
Overnight Rate
One month
Three months
Six months

JAPAN
Discount Rate
Call (Unconditional)
Bills Discount Rate

UK MONEY MARKET

Full credit supply

Bank of England Minimum Lending Rate 14 per cent (since February 8, 1979)

Day-to-day credit was in good supply once again in the London money market yesterday, and authorities sold a small amount of Treasury bills to the discount houses to absorb the surplus.

The major factor was very large above target balances brought forward by the banks, and this outweighed a moderate net take-up of Treasury bills, a moderate excess of revenue payments to the Exchequer over Government disbursements, a small rise in the note circulation, and settlement of fairly large gilt-edged sales.

Discount houses paid 12½-12¾ per cent for secured call loans in the early part, and closing balances were taken at 10-10½ per cent.

In the interbank market overnight loans opened at 12¾-12½ per cent, and rose to 12¾ per cent, before easing to 12-12½ per cent at lunch, and to 10 per cent in the afternoon, and closing at 11 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Feb. 20 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-12¾	—	—	—	13⅛	10¼-12	—	—	—
2 days notice	—	—	13	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	[illegible]	13¼	—	13½	13⅛	12¾-13	—	—	—
One month	[illegible]	[illegible]	13¼	[illegible]	13½	13⅛	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	—	[illegible]	13½	13⅛	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	13⅛	[illegible]	13½	13⅛	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	13⅛	[illegible]	13⅜	—	—	—	—	—
Nine months	[illegible]	[illegible]	—	[illegible]	13¼	—	—	—	—	—
One year	[illegible]	[illegible]	13⅛	[illegible]	13	—	—	—	—	—
Two years	—	—	13⅛	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 12⅞ per cent; four years 13⅛ per cent; five years 13⅛ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅝ per cent; four-month trade bills 13⅛ per cent.

Approximate selling rate for one-month Treasury bills 12⅛ per cent; two-month 12⅛ per cent; three-month 12⅛ per cent. Approximate selling rate for one-month bank bills 12⅛ per cent; two-month 12⅛ per cent; and three-month 12⅛ per cent; one-month trade bills 13⅛ per cent; two-month 13⅛ per cent and three-month 13⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12½ per cent from February 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Rates for lending 13½ per cent. Treasury Bills: Average tender rates of discount 12.7002 per cent.

Slightly firmer Wall St. bias at mid-session

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—89¾% (89%)
Effective $2.0045 46% (45⅞%)

STOCKS ON Wall Street were mixed but with a slight bias to higher levels at mid-session yesterday following further slow trading.

There was some bargain hunting taking place, while take-over candidates and energy-related issues continued to show strength.

Closing prices and market reports were not available for this edition.

The Dow Jones Industrial Average recorded a small gain of 1.99 at 829.00 at 1 pm, while the NYSE All Common Index gained 9 cents to $55.46 and rises and declining issues by a narrow margin. Trading volume came to 15.15m shares, against last Friday's 1 pm figure of 14.55m. The stock market was closed on Monday for Washington's birthday.

Analysts said the market's ability to hold its ground despite all the recent bad news was encouraging, although the low volume indicated little conviction behind the buying.

Conflicting reports about China's actions in Vietnam and continuing factional fighting in Iran were the major negatives, while Federal Reserve chairman Miller suggested the Carter Administration's estimates for inflation and interest rates are slightly optimistic.

UAL, depressed last week by prospects of higher fuel prices and possible shortages, recovered ⅜ to $25. A block of 119,000 shares were traded at $24⅞.

Active Texaco added ⅜ at $24⅞. Exxon also ⅛ at $51, Mobil ¼ at $71½ and Atlantic Richfield ¾ at $60⅝.

Sears hardened ⅛ to $20½ in active trading after raising the quarterly dividend. Du Pont also increased its dividend and gained ⅜ to $132⅜.

Washington Steel lost ⅛ to $36⅜. Talley Industries is to appeal *against a court order blocking* its lead bank, Chemical Bank, from participating in financing Talley's bid for Washington Steel. Talley put on ⅛ to $11⅛.

Skaggs rose $1 to $27½ on opening merger talks with American Stores, which retracted 1⅝ to $40.

Tymshare shed 1½ to $36⅜. It has received a $50 per share merger offer from a company it did not name, but has rejected the proposal.

Firestone Tire gained ⅛ to $13⅜ on reporting much-improved fiscal first-quarter profits.

THE AMERICAN SE Market Value Index gained 0.09 to 163.24 at 1 pm on a moderate business of 1.63m shares (1.69m).

Season-All Industries climbed 1¾ to $13¾ even though Redland Braas has reduced its offer for each Season-All share to $14.75 from $17.

Purepac Laboratories added ⅜ at $9¾ after stating that a company has expressed interest in acquiring Purepac. Active Sundance Oil rose 1¾ to $21¾, but Dome Petroleum lost ¾ to $97¾. The latter is holding talks with Japanese concerns on gas sales.

Canada

Most sectors gained ground in active early dealings yesterday, with the Toronto Composite Index rising 7.4 to 139.1 at noon. Metals and Minerals were well favoured, advancing 17.0 to 1,263.8 on index, while Oils and Gas gained 7.5 to 2,008.9; Banks 2.19 to 312.26 and Utilities 0.92 to 201.65. Golds, in contrast, declined 3.2 to 1,600.4.

Germany

Drawing strength from reports suggesting that Iran would resume oil production and exports, share prices generally gained some ground yesterday. The Commerzbank index put on 4.3 to 795.7.

Trading volume, however, was on the low side, and dealers attributed the slow pace to investor uncertainty about the China-Vietnam confrontation.

Shares of Motor and Machine Manufacturers received a particularly strong push from the Daimler Benz rose DM 3, BMW DM 2.30 and Volkswagen DM 2.50.

Among Machine Manufacturers, Babcock climbed DM 4.50, KHD DM 4 and GHH DM 3.

Dealers said that investors appeared to be assuming that if Iran starts producing oil, the country may also adopt favourable policies towards construction projects. German machine makers have substantial involvement in major Iranian projects.

Banks participated in the uptrend, Bayerische Hypo Bank adding DM 2 and Bayerische Vereinsbank DM 3.90.

Modest gains were posted by Chemicals. BASF rose DM 1.40. The situation was similar in Steels, but Krupp-Huette lost DM 4 to DM 92 in very thin trading.

Electricals had Varta up DM 2 and Siemens DM 1.50 firmer, while Karstadt, in Stores, hardened DM 2.

Public Authority Bonds, however, were up to 45 pfennigs lower. The Regulating Authorities bought a net DM 11.5m of stock after purchasing DM 18m on Monday. Mark Foreign Loans tended easier.

Paris

Shares mostly improved in calm trading ahead of the new *monthly Account*, which starts today.

Brokers said the lowering of the call money rate to 6.5 per cent from 7 per cent had stimulated some buying, with institutional investors again giving active support. The Bourse Industrials index rose 0.9 to 72.5.

Gains predominated among Banks, Foods, Constructions, *Mechanicals, Hotels, Stores,* Electricals and Chemicals. Some hesitation, however, was observed among Portfolios, Rubbers, Metals and Oils.

Significantly higher at the closing bell were **Maisons Phenix, Bancaire, Eurofrance, Veuve Clicquot, Pechiney, Peugeot-Citroen, Auxillaire D'Entreprises, Carrefour, Generale de Fonderie, Borel, Arjomari, Ericsson, Creusot-Loire, Elf-Aquitaine, Lefebvre, UTA and Puk.**

Leading the few declining issues were **Credit du Nord, Cie du Nord, Ferodo, Kleber, Paris-*France, Chiers and Francaise de* Raffinage.**

Tokyo

Stocks again closed lower for choice on balance after late liquidations more than offset an early firming trend. The Nikkei-Dow Jones Average shed 8.85 more to 6,116.11, while business volume was a moderate *240m* shares, although exceeding Monday's level of 200m.

Oils, Steels and some Blue Chips led the decline in the absence of *fresh* market factors, while recently selected Paper-Pulps, Chemicals and Electricals also closed lower.

Arabian Oil lost Y90 to Y2,560, Fuji Photo Film Y8 to Y660, *Matsushita Electric* Y8 *to* Y680, TDK Electronic Y20 to Y1,760 and Chinon Y9 to Y369.

Shippings and selected Textiles and Constructions, however, scored net gains, while Non-ferrous Metals tended to edge further ahead.

Australia

After Monday's strong performance, Mining issues could only make a mixed showing yesterday, with some dealers beginning to have doubts about the recent upsurge in metal prices on the London Metals Exchange, especially now that China appears to be backing away from the Vietnam border.

There were also doubts about gold ahead of the U.S. Treasury auction, scheduled for yesterday but postponed because of inclement weather. Gold shares generally turned easier, taking their cue as usual from Central Norseman, which relinquished A$1.00 to A$23.00 on profit-taking after the previous day's advance of A$2.50.

Despite a further rise in copper prices, **MIM** managed to gain only 2 cents more at A$3.20 and **Bougainville** were just one cent firmer at A$2.02. Mount *Lyell, which is expected to* announce much-improved interim results today, were unchanged at 80 cents.

Uraniums mainly reacted, with **Peko-Wallsend**, A$5.76, shedding half of Monday's rise of 20 cents, and Queensland Mines also losing 10 cents to A$3.40.

Coal stocks also declined, affected by news that there had been *a sharp fall in shipments* to Japan. Oakbridge eased 3 cents to A$1.55.

CRA receded 6 cents to A$3.62, but its diamond exploration associate, Ashton Mining, was actively traded and gained 5 cents more to A$1.10 on a turnover of 160,000 shares in Melbourne.

BHP, following the previous day's advance of 40 cents on the cheering interim report, came back to A$10.45 but later rallied to A$10.60, unaltered on the day. Business was reduced but still *sizeable*, with combined Melbourne and Sydney turnover reaching 267,000 shares.

Woodside strengthened on news about oil shows at its Goodwyn No. 5 well, which saved it from joining most other oils in a downturn.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
♠ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Traded. ‡ Seller. *z* Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

BASE LENDING RATES

A.B.N. Bank	13½%
Allied Irish Banks Ltd.	13½%
Amro Bank	13½%
American Express Bk.	13½%
A P Bank Ltd.	13½%
Henry Ansbacher	13½%
Associates Cap. Corp.	13½%
Banco de Bilbao	13½%
Bank of Credit & Cmce.	13½%
Bank of Cyprus	13½%
Bank of N.S.W.	13½%
Banque Belge Ltd.	13½%
Banque du Rhone et de la Tamise S.A.	14 %
Barclays Bank	13½%
Bremar Holdings Ltd.	14½%
Brit. Bank of Mid. East	13½%
■ Brown Shipley	13½%
Canada Perm't Trust	13½%
Cayzer Ltd.	13½%
Cedar Holdings	13½%
■ Charterhouse Japhet	13½%
Choulartons	13½%
C. E. Coates	13½%
Consolidated Credits	13½%
Co-operative Bank	*13½%
Corinthian Securities	13½%
Credit Lyonnais	13½%
Duncan Lawrie	13½%
The Cyprus Popular Bk.	13½%
Eagil Trust	13½%
English Transcont.	13½%
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	13½%
Greyhound Guaranty	13½%
Grindlays Bank	‡13½%
■ Guinness Mahon	13½%
■ Hambros Bank	13½%
Hill Samuel	§13½%
C. Hoare & Co.	†13½%
Julian S. Hodge	14½%
Hongkong & Shanghai	13½%
Industrial Bk. of Scot.	12½%
Keyser Ullmann	13½%
Knowsley & Co. Ltd.	15 %
Lloyds Bank	13½%
London Mercantile	13½%
Edward Manson & Co.	14½%
Midland Bank	13½%
■ Samuel Montagu	13½%
■ Morgan Grenfell	13½%
National Westminster	13½%
Norwich General Trust	13½%
P. S. Refson & Co.	13½%
Rossminster	13½%
Royal Bk. Canada Tst.	13½%
Schlesinger Limited	13½%
E. S. Schwab	13½%
Security Trust Co. Ltd.	14½%
Shenley Trust	15 %
■ Standard Chartered	13½%
Trade Dev. Bank	13½%
Trustee Savings Bank	13½%
Twentieth Century Bk.	14½%
United Bank of Kuwait	13½%
Whiteaway Laidlaw	14 %
Williams & Glyn's	13½%
Yorkshire Bank	13½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 11%, 1-month deposits 11¼%.
† 7-day deposits on sums of £10,000 and under 11%, up to £25,000 11½%, and over £25,000 11¾%.
‡ Call deposits over £1,000 11%.
§ Demand deposits 11%.

Few companies benefit from concessions on dividends

BY TERRY OGG

ONLY 20 companies have so far been able to take advantage of the cover concession, announced by the Government last July, to increase their dividends. A further 50 have agreed a reference cover with the Treasury and there are another 30 still discussing their position regarding a possible increase.

It is becoming apparent that what the City and institutional investors initially saw as a significant easing of dividend controls, first imposed by the Heath Government in 1972, is more of a controlled flow through the sluice gate than a crack in the dam wall.

In essence dividends are still restricted to a maximum increase of 10 per cent unless a company can establish, to the satisfaction of the Treasury, that its dividend cover would increase beyond the highest level achieved since the current controls began.

The Treasury regards cover as the number of times that the net dividend is covered by net earnings available for distribution as published in the company's accounts. Previous undistributed profits and transfers from reserves will not be taken into account and, where accounting policies have changed, the cover for each relevant year is computed on a consistent basis (which usually means the accounting policies adopted to arrive at the latest year's figure).

Overall growth

The changes took effect from August 1, 1978 and applied to companies with a year end from that date onwards.

In August stockbrokers Phillips and Drew pointed out that the relaxation might not be the concession it was originally thought. The firm reckoned that only a fifth of the 150 companies it followed closely would be able to benefit and even for them the average dividend increase would be only of the order of 20 per cent. This would add around 2 per cent to overall dividend growth.

The firm still argues that results to date support its August suggestion but, in official circles, the impression is that even fewer companies will get through the loophole.

Mr. Denzil Davies, a Minister of State at the Treasury, in a written reply to a question, said a month ago that only 15 companies had received Treasury consent to use the cover provisions to lift their dividends between August 1, and December 31. In January, a further five companies announced agreed higher dividends.

The reasons for the difference between the official view of the number of beneficiaries of the relaxation and the City's hopes seem to be that the Treasury is applying the rules more stringently than the City anticipated and that profit expectations are changing because of the recent spate of strikes, higher wage settlements and higher interest rates.

All companies seeking to avail themselves of the benefit have to go back over their past years' figures, adjusting them where necessary to ensure accounting consistency, and forward their figures to the Treasury. It vets the submissions and in the process performs a reference figure and indicated quasi-auditing role. It writes to the companies either agreeing a reference cover or pointing out where the figures are in disagreement and indicating what it would accept as a base. The company then agrees or, as has happened in a number of cases, it writes back supporting its original position and asks the Treasury to reconsider.

Marks and Spencer is a typical example. In October, when disclosing a 40 per cent jump in interim pre-tax profits its directors indicated that the dividend would be substantially increased in the current year. It was a unilateral disclosure as the company had not, at that stage, consulted the Treasury. When it did write to the Treasury, in late October, it supplied the necessary information on past cover, suggested a reference figure and indicated that it was likely to exceed the figure if the annual dividend was increased by only 10 per cent. The Treasury wrote back shortly after with counter proposals and the two sides are now considering their positions.

The problem stems from the way in which cover is calculated for M and S's 1972-73 financial year. The dividend controls were introduced on December 1, 1972, and on April 6, 1973, the basis of corporation tax was changed to the present imputation system. M and S has traditionally paid its interim each January and its final each July and would have straddled the tax change.

The company suggests that if 1972-73 financial year were eliminated from the calculation it would save a lot of discussion. The official position apears to be that the relaxation was designed to assist companies that have demonstrated consistent profit growth over the period. It follows that if profits have been growing consistently at rates in excess of the controlled dividend growth then 1972-73 cover figures would be surpassed.

Another group that disagreed with the Treasury's interpretation of its 1972-73 cover is the fund managers, M and G Group. The company and the Treasury clashed on the definition of cover. The Treasury says that cover is profits after actual tax divided by the net dividend. But, the company argued, this was not in accordance with accepted City practice where a company earns profits from abroad.

Tax charge

If a company pays little UK corporation tax it would incur extra advance corporation tax (ACT) were it to pay a high dividend. This notional extra ACT is not allowed for by the Treasury. M and G's problem is that in the high cover year of 1972-73 it had a low tax charge. But, in 1977-78 the tax figure is much higher. Using the Treasury's figuring, cover has improved much less between these two years than was apparent using M and G's method.

There are other anomalies. Last week, MFI Furniture Centres announced a big jump in interim profits which, had no controls been in force, would have enabled it to pay an increased interim dividend. The cover relaxation was no help because the company missed a dividend in 1975 and Treasury interprets a missed dividend as implying infinite cover. MFI resorted to a rather cosmetic restructuring involving the split of its property interests from its day-to-day trading activities beneath the umbrella of a new holding company. As a "new" company, it has a further two years of dividend freedom.

In a number of cases agreement between the Treasury and the company applying for the increase is quickly reached. Bass Charrington, for example, went to the Treasury before its final figure for 1977-78 had been established to agree a reference cover. When the consolidated result was known it went back and the increase was approved.

Granada's latest pre-tax profit was more than a third higher at £34m and it received permission to lift the dividend by 35 per cent to 2.67p. Dowty Group recently lifted its interim dividend by 13 per cent to 2.5p and stated that the increase "recognises that some improvement over the 10 per cent limitation is likely to be possible."

Some companies, like the relatively small industrial paints group, Blundell-Permoglaze, have tried to increase their dividends via the cover relaxation by making special submissions to Treasury. In almost all cases these submissions have been rejected. Blundell-Permoglaze argued that stock appreciation relief should be excluded from the cover calculation as it was introduced to strengthen company liquidity and therefore should be regarded as unavailable for distribution.

Another approach was that espoused by Mr. T. B. Morland, chairman of the Kalamazoo office stationery group who, at the annual general meeting last December called for the dividend concession to be based on a five-year average. "Many companies, like ourselves have an uneven performance for reasons totally outside their own control. We had an extremely good year in 1973 as a result of VAT being introduced. The dividend for 1973 was limited so cover was high. Had the calculation been based on the average of five years we could have paid a dividend 23½ per cent higher instead of the permitted 10 per cent," he said.

But rules are rules and they are made to be applied. As a result the number of companies that will be able to use the cover concession to lift dividends is going to be less than the City expects.

Viewing dividend growth as a whole, however, it is obvious that the increase is outstripping the control figure. A Financial Times report on December 30 shows that overall dividend costs in that month were 17.1 per cent up on last year's comparable figure and this brought the average increase to 15.9 per cent for the final quarter and to 19.3 per cent for the year.

It is not a question of the controls being circumvented. As Mr. Davies' written reply shows, only 6.5 per cent of companies that increased dividends beyond the statutory limit in 1978 did so under the cover concessions. Some 112 companies were given permission to increase dividends by more than a tenth because they were recovering from an adverse trading position. A further 95 companies were allowed to lift dividends to assist the raising of new money for investments.

In total some 242 companies were given permission to lift dividends beyond the 10 per cent limit, in 1978. The figure for excess dividends allowed was £217.9m and that was 1.75 per cent of total dividends paid in the United Kingdom in 1978.

The conclusion from all this is that the controls are being rigorously applied and it is advisable for companies to approach the Treasury well in advance of an actual dividend announcement in order to agree a reference cover figure. In the cover contest, correspondence will be entered into, but the judge's decision is final.

Silkin backs NZ trade with Britain

By Our Commodities Staff

MR. JOHN SILKIN, Minister of Agriculture, has rebutted recent attacks from the farming, food and dairy industries on New Zealand and its place in the British butter market.

The British market was still central to New Zealand's economy, he said in an interview published in a dairy trade newsletter.

"No one should underestimate the strength of the ties that link us," he added.

"There is no question of these ties being broken and we could not contemplate damaging New Zealand's economic welfare by denying her the markets she needs."

On the negotiations for access to the UK when the present quota agreement expires at the end of next year, the Minister said he retained an open mind on the form the new arrangement might take.

Prices dispute threatens cocoa pact talks

BY BRIJ KHINDARIA IN GENEVA

PROSPECTS for a new International Cocoa Agreement have been seriously jeopardised because of wide differences between producers and consumers.

Producing countries are making demands that are described here as being completely out of touch with economic realities.

This week's predictions in London that the world cocoa surplus will be 42,000 tonnes in 1978-79 has further weakened the position of producers here.

Only three days remain before the scheduled end of the four-week conference, but negotiators have yet to agree even on the mechanism to be used to stabilise price fluctuations in the world cocoa market.

Delegates said it is too early to forecast the conference's outcome, but it is likely that the negotiations will have to at least be extended if not adjourned awaiting a further session.

The dispute-ridden cocoa conference was to have received a welcome shot in the arm from the arrival here of three African ministers late last week, including Joseph Kyeremeh, commissioner for cocoa affairs of Ghana.

But Mr. Kyeremeh strongly criticised the existing cocoa arrangement which expires on September 30 and said that the new arrangement should be a "guarantee for the future" backed by an adequate minimum price.

Sources close to the International Cocoa Council said producers made a major concession to consumers to clear the way for further compromise. They indicated that they would accept a flexible system of buying into and selling from reserve stocks if consumers make concessions on the prices issue.

But producers demanded that the new accord should maintain a price of 186 cents a pound. This prompted a major consumer country delegate to remark that the proposal must have been made "in jest because it is so out of touch with reality."

Several consumer countries feel that the issue of prices, while important, is meaningful only in the context of the mechanism which must first be agreed.

The U.S. has suggested that the concept used should be that of a reference price around which fluctuations of up to 20 per cent would be allowed before the Buffer stock manager acts to prevent further price movements.

Vietnam uncertainty hits copper

By John Edwards, Commodities Editor

COPPER PRICES fluctuated nervously on the London Metal Exchange yesterday mirroring differing reports and rumours on the situation in Vietnam.

An early report that the Chinese had already withdrawn brought a fall in prices. But the subsequent denial of the withdrawal, and rumours of the Chinese pushing towards Hanoi, brought the market roaring up again.

At the close cash wirebars were still £6 lower compared with the previous day at £995 a tonne, but values rose further in late kerb trading virtually eliminating all the day's earlier losses.

The late upward trend was encouraged by news that Asarco, the U.S. producer, has raised its domestic copper price by 2 cents to a record 92 cents a pound.

The early fall in copper, and general nervousness that the reaction to the Chinese/Vietnam conflict may have been overdone, brought declines in other metal markets.

Standard grade cash tin lost £115 to £7,300 a tonne; aluminium, lead and zinc also closed lower.

Silver was easier in the morning, but then rallied in line with copper and news of India suspending export sales.

India bans silver exports

By Our Commodities Editor

INDIA has banned exports of silver, according to a Commerce Ministry announcement in New Delhi yesterday.

The ban applies immediately but some forms of silver sold by the state trading corporation are believed to be exempt.

However, traders in New York—according to a Reuter report—claimed that exports had only been temporarily suspended to take stock of the current market situation. Silver values have soared during recent weeks to record levels.

Traditionally higher prices have encouraged increased exports by India, which holds large stocks of silver hoarded over the centuries. An official ban on exports is unlikely to prevent private smuggling of silver out of India if prices remain attractive enough.

EEC plans and supply fears boost barley

BY OUR COMMODITIES STAFF

THE PRICE of barley has risen strongly recently mainly on the strength of the widespread belief among animal feed makers and grain traders that supplies are running out and that the Common Market Commission is preparing to act against substitutes containing cheap ingredients like tapioca.

A leading broker said yesterday there was a "severe" shortage on farms, claiming the Ministry of Agriculture had over-estimated last year's crop and under estimated the amount needed for mixing in animal rations.

The Ministry, however, stood by its last estimates of a 17.4m tonnes total grain crop for last year which included some 10m tonnes of barley. Traders said total barley supplies were nearer 9 to 9.5m tonnes.

Feed companies were less pessimistic about the size of the crop and more concerned about the potential impact on the market of moves to hinder the use of substitute "cereal replacer pellets" now coming into Britain from Europe.

The EEC cereals management committee in Brussels is already considering reducing the monetary compensatory amount subsidies on shipments of these pellets from Europe to Britain.

The UK is importing some 40,000 to 50,000 tonnes a month of prepared animal feeds from across the Channel and there is little doubt that these contain a high proportion of replacers.

Cuts in the subsidies would increase demand for cereals, notably barley.

Certainly, demand for compound animal feeds has been higher than normal. Animals which would normally be outside now are being fed indoors and are, like humans, needing more food than usual to counter the effects of the cold.

Exports have been heavy also, and shippers are believed to be still on the look-out for supplies to meet their commitments later in the year.

John Cherrington, Agriculture Correspondent, writes: The barley trade is still very firm. Some end-users, mainly compounders, profess to be unworried and are not demonstrably keen buyers at present prices. But others are switching to cereal replacers based on manioc and other materials.

The rise, which over the past two or three weeks has amounted to some £6 per tonne, has taken most traders by surprise and there appears to be two schools of thought as to what is happening. Some believe that certain of the large shippers have become overcommitted for exports—a figure of ½m tonnes in aggregate has been quoted. Even if it were half that sum the effect on the market of shippers seeking cover would be bullish in the extreme.

This over-commitment could have been caused by the very attractive restitutions being offered. Subsidies up to £43.30 are quoted in this week's HGCA report.

The other scenario is that the shippers, always sinister figures to the trade, have decided to manipulate or corner the market, that they hold large stocks in store and they are awaiting a suitable moment to exploit the situation.

One shipper sold a large quantity at a modest profit on the home market recently. While he admitted later that he had made a mistake it hardly squares with the accusation that there has been collusion to manipulate the market.

The real probability is that the whole situation has arisen from simple human error. The shippers took too trusting a view of estimates of the harvest from the Ministry of Agriculture and other sources. These put the barley harvest at around 10m tonnes.

A revised trade estimate today is that in reality it was 9½m tonnes, which I believe to be optimistic and would suggest that sums are done on the basis of 9.25m tonnes.

Soviet timber sales to UK

By a Correspondent

EXPORTLES, the Soviet state selling organisation for forest products, has sold just over 1.1m cubic metres of softwood against its first schedule which was circulated to UK importers on January 13. Prices in the schedule were up by about 12 per cent on last year.

The Russian sellers are now likely to issue a second schedule within the next two to three weeks at prices which will probably show a further increase of a few pounds a cubic metre to reflect the general rise in the market.

It is thought that the nominal quantity of the second schedule will be about 250,000 cu. m. and that actual availabilities may be slightly in excess of this amount.

PORTUGAL

New approach to farming credit

BY JIMMY BURNS IN LISBON

THE BACKWARDNESS of Portugal's agriculture has become a central theme in any analysis of its crisis-torn economy.

Despite having more than 30 per cent of its working population on the land, Portugal for the past four years has had to import more than 50 per cent of its basic food needs.

Food constitutes the country's second major import after oil and is therefore a major item affecting Portugal's present trade deficit of $2.4m. Portugal's problem is not that it is incapable of feeding itself—agricultural experts here estimate that the Portuguese could become self-sufficient in food like the Greeks—but that its agrarian sector is badly organised and therefore unable to produce in the present circumstances.

The recent creation by the Government of an institution that will co-ordinate and plan domestic and international credit to the agrarian sector is designed to re-establish a measure of order in this vital but chaotic corner of the economy.

Curbs

With the adoption of the stabilisation programme inspired by the International Monetary Fund last year, credit in Portugal has become an important instrument in the Government's economic policies. The unrestrained lending of previous years has been dramatically curbed, and instead a stringent selectivity is being increasingly imposed.

This aspect has been particularly noticeable in the agrarian sector which both the IMF and the Government have earmarked for priority aid. Until now, however, credit to the agrarian sector has been haphazard, given the political and social upheavals that followed the 1974 revolution.

During the period of Communist domination in 1975, for example, the Government's "emergency credit" was used essentially as a political instrument, with most of its money finding its way to the newly-created Soviet-style collectives in the Southern grain belt of the Alentejo.

Recently the ministry of agriculture here estimated that of the total domestic credit made available, 6.5bn escudos went to the collectives while only 2bn went to the rest of the country, namely the private farms in the highly fertile and potentially productive North of Portugal.

Control

The Financial Institute for Aid and Development to Agriculture and Fisheries (IFADAP) which has been set up with an initial capital of 1bn escudos will aim at a more carefully controlled and even-handed distribution of credit than has hitherto been the case. IFADAP's Chairman, Sr. Gomez da Silva, whose last post was that of adviser to the Government on agricultural matters related to Portugal's future EEC membership, likes to describe the institute as the "central bank of agriculture and fisheries."

Whereas, before both the Ministry of Agriculture and the official credit institutions often worked independently from each other and indeed tended to contradict each other's policies, their separate roles will now be brought closer together under the auspices of IFADAP.

Any collective or private farmer will only be officially granted a loan once the project in question has been carefully screened by a team of financial and technical experts at IFADAP. If and when approved the terms of the loan will be decided on and guaranteed by IFADAP.

"Our main priority will be to mobilise credit towards production and not allow it to be used as an instrument of any one political movement as has hitherto been the case," says Sr. Gomes.

IFADAP hopes that its activities in the future will include not only the monitoring and rationalisation of domestic credit, but also the co-ordination of foreign loans (expected mainly in the form of export finance) and projected investment in Portugal by foreign farmers.

As far as foreign financing is concerned, the institute has already had considerable impact at government level.

Last summer for example, IFADAP officials helped the Bank of Portugal to negotiate a major World Bank-backed scheme for the Southern grain belt and for the Portuguese fishing fleet. The project included a $101m investment in 560 medium-sized private farms and 1,000 small family farms in the Alentejo.

Eighty large farms in the socialised sector were also included in the scheme. IFADAP is currently involving itself even more directly in the negotiation of a second World Bank loan, 60 per cent of which will be covered by domestic credit and the rest by foreign banks.

The loan, which is expected to be fully operational by next July, will be invested in three major irrigation schemes.

Foreign investment in the Portuguese agrarian sector is already being encouraged as a result of the Government's latest pledge to private farmers whose property was illegally seized by land-hungry peasants in 1975.

Compensation

The official State Gazette last month published a decree which established the basis for compensation for land, livestock, machinery, and crops which were either taken or destroyed. A small group of Italian, Austrian, and British farmers lost more than 2,000 acres of land following the revolution.

If all goes according to plan IFADAP will begin to re-finance major medium and long-term projects by April, and should be in full charge of the Government's annual credits to agriculture by the summer. Such a role will necessarily imply a considerable increase in IFADAP's present capital, either through direct government subsidies or through external sources of financing.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Very active on the London Metal Exchange with prices moving erratically, depending on rumours about Chinese intentions in Vietnam. The pattern of trading was established when rumours of a Chinese withdrawal took forward metal down from £1,012 to £1,005 and later rumours of an advance on Hanoi pushed the price back to £1,016. At the time of the Comex opening trading was in the £1,005-£1,008 range. Both Comex and London moved up on news that there would be no immediate Chinese withdrawal and the close on the Kerb was the day's high of £1,023. Turnover 39,175 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+or —
Wirebars	£	£	£	£
Cash	990-1	-12.5	994.5-5.5	-6
3 months	1007.5-8	-10	1012.5-3	-4.5
Settlem't	991	-12.5	—	.....
Cathodes				
Cash	984.5-4.5	-8.75	987-8	-5
3 months	1000-1	-8.5	1004-5	-5
Settlem't	985.5	-8.5	—	.....
U.S. Prod.	—	.....	*87-89	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £991, 90, three months £1,017, 18, 17, 17.5, 17, 16.5, 17, 13, 10, 11, 12, 11, 10, 9, 8, 7.5, 7, 8, 7, 8, 7.5, 8, 7, 7.5, 7. Cathodes, cash £983, 84, 85, three months £1,008.5, 1,000, 999. Kerb: Wirebars, three months £1,007.5, 7, 6, 5. Afternoon: Wirebars, three months £1,010, 9, 8.5, 8, 7, 6.5, 13, 12, 11, 12, 12, 12.5. Cathodes, cash £987. Kerb: Wirebars, three months £1,012, 13, 14, 15, 15.5, 16, 17, 17.5, 18, 19, 19.5, 20, 19.5, 20, 20.5, 21, 22, 23.

TIN—Lower in fairly calm trading, although prices were influenced by rumours about Chinese progress in Vietnam. Following a rise in the East overnight, forward metal rose from £7,200 to £7,270, but then fell away to an early afternoon price of £7,190. There was some buying against physical business, and this lifted the price to £7,220 and a close on the Kerb of £7,210. Turnover 785 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+or —
High Grade	£	£	£	£
Cash	7320-50	-110	7310-40	-90
3 months	7240-50	-85	7220-40	-75
Settlem't	7350	-110	—	.....
Standard				
Cash	7315-20	-57.5	7290-310	-115
3 months	7215-20	-52.5	7205-10	-85
Settlem't	7320	-60	—	.....
Straits E.	$1906	+23	—	.....
New York	—			

Morning: Standard, cash £7,320, three months £7,260, 20, 15, 20. High Grade, three months £7,230. Kerb: Standard, three months £7,210, 7,190. Afternoon: Standard, three months £7,200, 7,200, 10, 7,200, 05. Kerb: Standard, three months £7,195, 7,200, 20, 10.

LEAD—Lower on balance. After opening at £496 forward metal moved up to £500 on the pre-market, reflecting the initial firmness of copper. However, at this level profit-taking pared the price to the day's low of £490 on the morning kerb before a rally in copper prompted a similar trend in lead with forward metal finishing £496 on the late kerb. Turnover 8,575 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+or —
	£	£	£	£
Cash	515.5	-3.25	517.5	-2
3 months	492.5	-6.5	496-.5	-1.75
Sett'ment	516.5	-3.5	—	.....
U.S. Spot	—	.....	*31-33	.....

Morning: Cash £523, 22, 21, 17, 18.5, 18, three months £500, 499, 500, 499, 98, 92, 91, 92, 92.5, 93, 92.5, 93. Kerb: Three months £493, 91.5, 90.5. Afternoon: Cash £517, three months £494, 93.5, 93, 95, 96. Kerb: Three months £496, 96.5, 96, 96.5.

ZINC—Down in line with copper and lead. Forward metal opened at £418 and quickly rose to £425 on speculative interest before easing back on profit-taking and lack of fresh buying interest to close at £419, after being as low as £414.5. Turnover 9,450 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+or —
	£	£	£	£
Cash	400-1	-6.75	401-2	-7
3 months	414.5-5	-6.5	416-7	-7
S'ment	401	-6.5	—	.....
Prim.west	—	.....	36.5-7.5	.....

Morning: Cash £401.5, 1, three months £420, 19, 18, 16, 15.5, 16, 17, 16.5, 17, 16, 15. Kerb: Three months £415. Afternoon: Three months £416, 17.5, 17. Kerb: Three months £417, 16.5, 17, 18.

ALUMINIUM—Easier after persistent trade hedge selling had quietened the market. These offerings satisfied the speculative demand prompted by the events in Vietnam. Forward metal traded at £747-£750 in line with copper during the morning but then fell away to £738, rallied to £746, slipped to £741 and closed on the Kerb at £745. Turnover 4,625 tonnes.

Alumin'm	a.m. Official	+or —	p.m. Unofficial	+or —
	£	£	£	£
Spot	758-40	-9.5	758-40	-6
3 months	739-40	-10.25	740-1	-6

Morning: Three months £742, 44, 45, 43, 42, 43, 42, 41, 42, 40, 39, 38, 39, 40. Afternoon: Three months £745, 46, 47, 46, 45, 44, 43, 42. Kerb: Three months £743, 45, 46, 45, 46.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 0.10p higher for spot delivery in the London bullion market yesterday, at 383.7p. U.S. cent equivalents of the fixing levels were: spot 768.7c, down 0.3c; three-month 788.4c, down 0.6c; six-month 801.9c, down 1.1c; and 12-month 826.4c, up 0.2c. The metal opened at 383-385p (767-771c) and closed at 384-386p (770-774c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	383.7p	+0.1	384.6p	-0.4
3 months	395.8p	+0.1	396.55p	-0.55
6 months	404.4p	-0.6	—	.....
12 months	421p	-0.5	—	.....

LME—Turnover 196 (139) lots of 10,000 ozs. Morning: Three months 398, 7.8, 93, 2.5, 93, 3.5, 94. Kerb: Three months 395, 4.5, 4.7. Afternoon: Three months 394, 4.5, 95, 5.2, 5.5, 96, 6.2, 96, 6.5, 6.3, 6.5, 96, 6.2, 6.1, 96, 6.1, 62. Kerb: Three months 396.7, 97, 6.9, 7.2, 7.5, 98.

COTTON

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 224 tonnes, bringing the total for the week so far to 309 tonnes. A freer offtake developed, with users still impressed by the strength of values. Most of the demand was in American-type varieties, chiefly Turkish and Russian growths.

COCOA

Lower futures eased through London Commission House liquidation coupled with trade selling to close £50 lower than last night's levels, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
March	1754.0-58.0	-51.0	1795.0-28.0
May	1778.0-79.0	-55.0	1831.0-1770
July	1801.0-02.0	-51.0	1851.0-1795
Sept	1822.0-24.0	-50.0	1868.0-1812
Dec	1849.0-50.0	-48.0	1895.0-1847
March	1875.0-77.0	-45.0	1907.0-1890
May	1895.0-98.0	-42.5	1849.0

Sales: 4,377 (2,003) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Unavailable due to U.S. holiday.

COFFEE

During a quiet morning session Robusta coffee futures moved ahead gradually on possible producer-linked support from one particular source coupled with small-scale chart buying, reported Drexel, Burnham Lambert. The afternoon was very disappointing but values held steady throughout to record gains of between £6.5 and £19.5 on the day.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1408-1412	+18.5	1421-1398
May	1341-1343	+19.5	1348-1325
July	1303-1307	+13.0	1310-1287
September	1273-1276	+16.5	1279-1260
November	1243-1247	+13.5	1250-1230
January	1215-1220	+6.5	1225-1218
March	1200-1205	+6.5	1200-1190

Sales: 3,968 (2,001) lots of 5 tonnes.

ICO Indicator prices for Feb. 16 (U.S. cents per pound): Unavailable due to U.S. holiday.

RUBBER

STEADIER closing on the London physical market.

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
March	62.50-62.68	62.30-62.45	62.50-62.00
April	63.25-63.45	63.00-63.20	—
Apr-Jne	63.75-64.05	63.50-63.65	64.50-63.00
Jy-Sept	66.98-66.00	65.65-65.70	66.50-64.70
Oct-Dec	67.80-67.86	67.50-67.55	68.40-66.90
Jan-Mar	69.75-69.80	69.50-69.55	69.80-68.60
Apr-Jne	71.70-71.75	71.40-71.50	72.00
Jy-Sept	75.65-75.80	75.45-75.55	75.70-72.95
Oct-Dec	75.95-75.80	75.45-75.60	75.98-74.95

Sales: 796 (773) lots of 15 tonnes and 3 (2) at 5 tonnes.

Physical closing prices (buyers) were: Spot 61.5p (62.0); March 61p (60.5); April 61.75p (61.25).

GRAINS

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent March 93.50, mid-March, mid-April 92.00, transhipment East Coast. U.S. Hard Winter, 13½ per cent, late-Feb./early-March 90.25, transhipment East Coast. EEC unquoted. Maize: U.S./French March 109.00, April 110.75, transhipment East Coast. South African White April 75.50, Glasgow. South African Yellow April 70.50, Glasgow. Barley: English feed fob April-June 98.00 East Coast.

M'nth	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Mar.	93.60	-0.48	91.05	-0.75
May	97.40	-0.45	93.80	-0.40
Sept.	91.80	-0.50	85.80	-0.15
Nov.	95.30	-0.35	89.15	-0.35
Jan.	99.10	-0.20	93.00	-0.35

Business done—Wheat: March 94.10-93.60, May 97.95-97.40, Sept. 92.25-92.05, Nov. 95.70-95.25, Jan. 98.55-99.30. Sales: 437. Barley: March 91.80-91.05, May 94.50-93.70, Sept. 86.15-86.00, Nov. 89.65-89.15, Jan. 93.20-93.10. Sales: 370.

HGCA—Location ex-farm spot prices. Feed barley: NE England 89.40; Berks and Oxon 90.50.

The UK monetary coefficient for the week beginning February 26 (based on HGCA calculations) is expected to remain unchanged.

EEC IMPORT LEVIES—The following levies and premiums are effective for Feb. 21 in order of current levy plus March, April and May premiums (with previous in brackets) all in units of account per tonne. Common wheat: 85.89, nil, nil, 6.24 (85.89, nil, nil, 5.93). Durum wheat: 134.52, rest nil (134.52, rest nil). Rye: 85.46, nil, nil, 7.30 (85.46, nil, nil, 7.30). Barley: 93.96, rest nil (93.96, rest nil). Oats: 91.23, rest nil (92.75, rest nil). Maize (other than hybrid for seeding) 79.43, rest nil (79.49, 0.15, 0.15, 0.15). Buckwheat: 4.72, rest nil (4.72, rest nil). Millet: 77.74, rest nil (77.74, rest nil). Grain sorghum: 80.79, 3.04, 3.04, 3.65 (80.79, 3.04, 3.04, 3.65). Flour levies: Wheat or mixed wheat and rye flour: 131.88 (131.88). Rye flour: 131.88.

SOYABEAN MEAL

The market opened around unchanged and during a quiet trading session prices eased slightly, reported T. G. Roddick. Commission House support at the lower levels and lack of selling interest encouraged fresh buying and the market closed near highs of the day.

	Yesterday's Close	+ or —	Business Done
	£ per tonne		
February	124.00-25.0	-0.4	—
April	123.40-23.8	-0.4	124.00-23.50
June	120.50-20.6	+0.1	120.60-20.30
August	121.50-21.8	+0.1	121.70-21.50
October	120.30-20.5	+0.1	120.50-20.30
December	122.00-23.0	-0.05	123.50-23.00
February	125.00-27.0	-0.25	—

Sales: 57 (39) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £105.00 (£103.00) a tonne cif for Feb.-March shipment. White sugar daily price was fixed at £109.50 (£107.50).

First trades were around previous closing levels but prices then declined some 50 points during the opening call. However, keen buying was uncovered at the lower levels and a sharp rally of around 100 points occurred before the market later fell back after reports that Chinese forces had withdrawn from Vietnam. Thereafter, prices were confined to a narrow range in active trading conditions, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
March	106.40-06.45	107.25-07.50	97.95-08.00
May	112.50-12.60	113.25-13.38	113.80-12.40
Aug.	116.60-16.70	117.70-17.75	117.95-16.40
Oct.	119.25-19.40	120.20-20.30	120.90-19.25
Dec.	121.65-21.70	122.50-22.90	123.25-21.65
March	126.80-27.00	127.35-27.40	127.75-26.75
May	129.85-29.95	129.25-30.50	130.50-29.75

Sales: 3,999 (3,392) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.85 (same) a tonne for home trade and £172.00 (£171.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port)—Price for Feb. 19 Daily 8.36 (8.27); 15-day average 7.91 (7.85).

WHITE SUGAR—Close (in order buyer, seller, business, sales): April 108.25, 108.75, 109.75-109.00, 232; July 113.50, 114.50, 115.00-114.50, 53; Sept. 118.50, 119.00, 120.00-119.00, 38; Nov. 121.50-122.50, 123.25-122.50, 23; Feb. 130.00, 131.00, 130.50, 10; April 134.50, 135.00, nil, nil; July 138.00, 140.00, nil, nil. Sales 356.

JUTE

JUTE—Quiet. Feb.-Mar. c and f Dundee—BWC £254, BWD £238, BTC £257, BTD £244, c and f Antwerp—BWB $554, BWC $508, BWD $478, BTB $559, BTC $519, BTD $498.

Jute goods. Nominal Mar.-April c and f Dundee—40 in 10 oz £11.65, 7.5 oz, £8.87. B Twills £30.66.

WOOL FUTURES

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron Contract: March 367.0, 367.5, 369.0-366.0, 91; May 380.0, 380.5, 380.2-377.0, 79; July 390.0, 390.5, 390.5-386.5, 78; Oct. 386.5, 387.5, 388.5-386.5, 168; Dec. 386.2, 387.0, 389.0-386.3, 84; March 389.0, 390.0, 390.5-388.0, 45; May 392.0, 392.5, 392.0-390.0, 37; July 393.5, 394.0, 393.0-391.0, 24. Sales: 606.

LONDON GREASY—Close (in order buyer, seller): March 220.0, 228.0; May 228.0, 235.0; July 231.0, 237.0; Oct. 233.0, 240.0; Dec. 234.0, 240.0; March 235.0, 244.0; May 236.0, 244.0; July 237.0, 247.0. Sales: Nil.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller). March 184.0, 190.0; May 190.0, 193.0; July 189.0, 195.0; Oct. 194.0, 198.0; Dec. 190.0, 196.0; March 191.0, 197.0; May 192.0, 199.0; July 193.0, 199.0. Sales 4.

*

HIDES—Birmingham: Firm. Second clear ox 31-35.5 kilos, 88.2p a kilo; 26-30.5 kilos 99.8p; 22-25.5 kilos, 114.5p. Light cows 118p a kilo.

PRICE CHANGES

In tonnes unless otherwise stated.

	Feb. 20 1979	+ or —	Month ago
Metals			
Aluminium	£710	.....	£710
Free Mkt (cst)	$1,475/95	.....	$1,240/55
Copper cash w'bar	£995	-6.0	£847.5
3 mth	£1,012.75	-4.5	£863.75
Cash Cathode	£987.5	-5.0	£832.5
3 mth	£1,004.5	-5.0	£850.5
Gold troy oz	$247.625	-0.75	$230.625
Lead cash	£517.5	-2.0	£499.5
3 mth	£496.25	-1.75	£466.625
Nickel	£2,520.69	.....	
Freemkt (cif)(lb)	$1.95 / 2.05	.....	$1.59 / 1.73
Platin'm tr'y oz	£164.5	.....	£150
Free mkt	£207.55	-6.25	£185.05
Quicksilver	$329/50	.....	$295/315
Silver troy oz	383.7p	+0.1	322.1p
3 months	395.8p	+0.1	328.7p
Tin cash	£7,300	-115.0	£6,775
3 mths	£7,207.5	-85.0	£6,722.5
Tungsten	$127.94	-6.2	$144.29
Wolfrm 22.04 cif	$129/35	.....	$126/31
Zinc cash	£401.5	-7.0	£370.25
3 months	£416.5	-7.0	£383.25
Producers	$800	.....	$800
Oils			
Coconut (Phil.)	$990	.....	$900
Groundnut	.....	.....	.....
Linseed Crude	£415	-5.0	£381
Palm Malayan	$696v	.....	$637.5
Seeds			
Copra Philip.	$680	-5.0	$680
Soyabean (U.S.)	$306.45v	.....	$293.9
Grains			
Barley Futures	£93.8	-0.6	£89.8
Maize			
French No 3 Am	£109s	-0.5	£110
Wheat			
No. 1 Red Spg.	‡	.....	£87.25
No2HardWint.	£90.25r	.....	£93.5
Eng. Milling†	£96.5s	.....	
Other commodities			
Cocoa ship't	£1,798	-50.0	£1,881
Future May	£1,778.5	-55.0	£1,830.5
Coffee F't'r May	£1,342	+19.5	£1,397.5
Cotton 'A' Index	776.95c	-0.85	75.75c
Rubber kilo	61.5p	-0.5	55.25p
Sugar (Raw)	£105	+2.0	£93
Wooltp's 64s kl	274p	.....	268p

* Nominal. † New crop. ‡ Unquoted. p April-May. r Feb.-March. s March. v March-April. w April. x Per ton. z Indicator. § Buyer.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 54.0 to 58.0, Eire hindquarters 62.0 to 65.0, forequarters 43.0 to 47.0. Veal: English fats 70.0 to 78.0, Dutch hinds and ends 90.0 to 98.0. Lamb: English Small 58.0 to 64.0, Medium 56.0 to 62.0, Heavy 52.0 to 60.0, Scotch Medium 56.0 to 64.0, Heavy 52.0 to 60.0. Imported Frozen NZ PL New Season 48.0 to 49.0, PM New Season 48.0 to 48.5. Pork: English, under 100 lbs 36.5 to 45.0, 100-120 lbs 35.0 to 43.5, 120-160 lbs 34.0 to 42.0.

MEAT COMMISSION—Average fatstock prices at representative markets on February 20. GB cattle 73.21p per kg l.w. (+0.82). UK sheep 152.9p per kg. est. d.c.w. (+4.1). GB pigs 62.7p per kg. l.w. (+2.5). England and Wales: Cattle numbers up 12.2 per cent, average price 73.44p (+1.0). Sheep numbers up 9.2 per cent, average price 154.1p (+4.6). Pig numbers down 7.6 per cent, average price 62.7p (+2.7). Scotland: Cattle numbers up 10.6 per cent, average price 72.66p (+0.18). Sheep numbers down 10.9 per cent, average price 141.2p (-2.?). Pig numbers down 4.0 per cent, average price 63.1p (+0.9).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported produce: Lemons—Italian: 120's 4.30-4.50; Cypriot: Trays 3.30-4.00, cartons 80-180's 3.50-6.50; Spania: Trays 30/40/45 1.50-1.60. Oranges — Spania: Navels/Navelines 3.30-3.70, Israeli: Shamouti 4.35-4.96; Cyprus: 3.00-4.50; Moroccan: Navels 3.50-3.60; Egyptian: Baladi 3.00-3.20; Jamaican: 3.20-3.30. Sevilles—Spanish: Sours 3.50. Clementines—Spania: 5.00-5.30. Satsumas—Spania: 3.00-3.50. English produce: Potatoes—Per 25 kg 1.70-2.00. Lettuce—Per 12 round 1.60-1.70. Mushrooms—Per pound 0.40-0.50. Apples—Per pound Bramley 0.04-0.10, Cox's Orange Pippin 0.07-0.18; Spartan 0.06-0.10. Pears—Per pound Conference 0.11-0.16, Comice 0.22-0.24. Cabbages—Per net 4.00-5.00. Beetroot—Per 28 lb 0.90-1.00. Carrots—Per 28 lb 1.80-2.20. Onions—Per 28 lb 1.20-1.50.

AMERICAN MARKETS

NEW YORK, Feb. 20.

*Platinum—April 422.00-423.00 (413.50), July 425.00 bid (415.70), Oct. 428.00, Jan. 430.50 bid, April 432.20 bid, July 434.00 bid, Oct. 436.00 bid.

Cocoa—March 162.00 (154.00), May 155.50 (157.00), July 157.35, Sept. 159.10, Dec. 161.05, March 163.55, May 163.55. Sales: 1,089.

Copper—March 89.80 (87.00), March 89.70 (87.75), April 90.30, May 90.90, July 91.10, Sept. 91.00, Dec. 90.40, Jan. 90.30, March 90.10, May 89.90, July 89.80, Sept. 89.50, Dec. 89.20.

Coffee—"C" Contract: March 124.90-125.00 (122.50), May 124.50-125.00 (120.90), July 124.00, Sept. 125.50-126.00, Dec. 125.75-126.00, March 125.50-125.90, May 126.00-126.40, July nil.

*Gold—Feb. 249.90 (248.00), March 250.70 (248.60), April 252.70, June 257.30, Aug. 261.90, Oct. 266.50, Dec. 271.20, Feb. 275.90, April 280.70, June 285.50, Aug. 290.30, Oct. 295.20, Dec. 300.10.

†Silver—Feb. 792.00 (763.50), March 784.00 (764.00), April 788.10, May 792.20, July 800.50, Sept. 808.90, Dec. 821.10, Jan. 825.30, March 833.60, May 841.90, July 850.20, Sept. 858.60, Dec. 871.30. Handy Harman bullion spot 782.50 (756.90).

CHICAGO, Feb. 20.

Lard—Chicago loose 25.25. New York prime steam 27.00 traded.

Live Cattle—Feb. 65.80-66.50 (66.92), April 66.00-67.50 (67.92), June 69.00-66.80, Aug. 67.55-67.65, Oct. 65.82-65.87, Dec. 67.00-66.90, Jan. 67.50 bid, Feb. 68.55 bid, April 68.75 asked, June 70.00. Sales: 27,071.

Pork Bellies—Feb. 69.10 (68.80), March 68.55-68.30 (67.80), May 69.80-69.40, July 69.70-69.55, Aug. 67.50-67.70 bid. Sales: 5,857.

Shell Eggs—Feb. 54.75 (54.95), April 50.80 asked (51.85), May 50.25, June nil, Sept. 58.00, Dec. 59.75. Sales 48.

Silver—Feb. 798.5-799.0 (763.3), March 788.0 bid (768.0), April 793.0 bid, June 801.1 bid, August 809.2 bid, Oct. 817.2 bid, Dec. 825.4 bid, Feb. 833.6 bid, April 841.9 bid, June 850.3 bid, August 858.8 bid, Oct. 867.3 bid, Dec. 876.7 bid, Feb. 885.3 bid, April 895.3 bid, June 903.5 bid, August 914.7 bid.

§Soyabeans—March 774-772 (752), May 788-786 (764), July 798-790, August 789-784, Sept. 742, Nov. 713-712, Jan. 722-721, March 728-729.

§Soyabean Meal—March 203.20-202.50 (198.40), May 205.00-205.20 (201.40), July 207.50-209.00, August 207.00, Sept. 200.50-201.00, Oct. 185.50, Dec. 195.80-196.50, Jan. 195.10, March 196.00.

Soyabean Oil—March 28.57-28.57 bid (27.57), May 28.76 bid (27.76), July 28.77 bid, August 28.50, Sept. 27.22, Oct. 25.85-25.90, Dec. 25.30-25.25, Jan. 25.00 bid, March 25.05, May 24.95-24.50.

§Wheat—March 356½-358½ (359), May 341-341¼ (341¼), July 322¼-322½, Sept. 325¼, Dec. 336½, March 345.

WINNIPEG, Feb. 20. §Rye—May 108.00 bid (107.60 bid), July 107.00 asked (106.70 bid), Oct. 107.90 bid, Dec. 107.90 bid.

§Barley—March 80.70 (79.30), May 81.20 bid (80.00 asked), July 82.20 asked, Oct. 85.90 asked, Dec. 85.30 asked.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‡ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

Monday's closing prices

WINNIPEG. Feb. 19. §Rye—May 107.60 bid (107.00), July 106.70 bid (106.00 bid), Oct. 107.60 asked, Dec. 107.60 asked.

§Barley—March 79.30 (79.00), May 80.00 asked (79.20 bid), July 81.90 bid, Oct. 85.00 asked, Dec. 84.50 asked.

§Oats—March 86.50 (86.50), May 83.90 bid (83.60), July 82.80 bid, Oct. 83.70 bid, Dec. 83.60 bid.

§Flaxseeds—May 365.00 bid, 361.00 bid), July 359.90 (356.00 bid), Oct. 354.50 bid, Nov. 347.30 bid, Dec. 347.20 bid.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 189.58 (189.05).

EUROPEAN MARKETS

ROTTERDAM, Feb. 20.

U.S. No. 2 Dark Hard Winter wheat, 13.5 per cent, mid-Feb/mid-March $165. U.S. Dark Winter wheat ordinary not offered. U.S. No. 2 Red Winter Wheat March $166, April $158, May $157. U.S. No. 2 Northern Spring wheat, 14 per cent, March $171, April-May $146, May $147.50.

Maize—U.S. No. 3 Corn Yellow afl. $120-120.75, Feb. $120, March $119.50-119.75, April-June 119.50-119.75, July-Sept $119.50-119.75, Oct.-Dec. $120.

Soyabeans—U.S. 2 Yellow Gulfports Feb. $297.50, March $301.75, April $305, May $306.25, June $308.75, July-Aug $309, Sept. $302, Oct. $278.50, Nov. $277.50, Dec. $280.25, Jan. $283.75, Feb. $287.50, March $288.75. Brazil Yellow FAQ unquoted. Argentine May-June-July $298 sellers.

Soyameal—44 per cent U.S. Afl. $238, Feb. up to April $239, April-Sept. $241, Nov.-March $236.50. Brazil pellets Afl. $247, Feb. $247, March $246, April-May $248, April-Sept. $248, Nov.-March $249.

PARIS, Feb. 20

Cocoa (FFr per 100 kilos)—March 1443-1450, May 1473-1475, July 1475 bid, Sept. 1545-1549, Dec. 1535-1553, March 1540-1565. Sales at call, 2. Accumulative total 107.

Sugar (FFr per 100 kilos)—May 938-940, July 955-963, Aug. 984-986, Oct. 1011-1019, Nov. 1005-1020, Dec. 1040-1055, March 1075-1090, May 1103-1115. Sales at call 3.

● Commodity market coverage in these columns is being extended to include French sugar, cocoa, coffee, soyabean meal and wool market closing prices. More U.S. futures markets will also be covered including silver, live cattle, hogs, eggs, pork bellies and plywood from Chicago and orange juice and potatoes from New York.

INDICES

FINANCIAL TIMES

Feb. 19	Feb. 16	M'nth ago	Year ago
268.42	268.03	263.66	225.25

(Base: July 1, 1952=100)

MOODY'S

Feb. 19	Feb. 16	M'nth ago	Year ago
—	1045.7	996.7	902.4

(December 31, 1931=100)

DOW JONES

Dow Jones	Feb. 19	Feb. 16	Month ago	Year ago
Spot	—	382.56	375.51	347.08
F'tur's	—	381.05	372.40	337.69

(Average 1924-25-26=100)

REUTERS

Feb. 20	Feb. 19	M'nth ago	Year ago
1546.0	1547.0	1498.0	1389.0

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Further heavy investment in Gilts highlights markets

Early gains pared but still extend to ¾ among longs

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Feb. 12	Feb. 22	Feb. 23	Mar. 6
Feb. 26	Mar. 8	Mar. 9	Mar. 20
Mar. 12	Mar. 22	Mar. 23	Apr. 3

* "New time" dealings may take place from 9.30 am two business days earlier.

Government stocks continued to set the pace in stock markets yesterday, particularly in the early trade when funds mainly from the UK but also from Japanese, Middle Eastern and European sources were heavily invested. The combined demand, attracted by redemption yields still in excess of 14 per cent among the longer maturities and of over 13 per cent in the shorts, took quotations up a point further before a late afternoon reaction set in.

Much of the market's current strength is based on the mounting view that any change in UK short-term interest rates is more likely to be downwards—a marked change in opinion since Minimum Lending Rate was raised by 1½ to 14 per cent less than a fortnight ago.

With the Government's funding programme apparently completed for the current fiscal year, thoughts of lessened demands on the market for a while injected new confidence and added point to recent speculation that the short-medium and long tap stocks, both of which now appear to be cheaply priced, will be substantially over-subscribed when application lists open tomorrow: in £15-paid form, less than £200m needs to be put up to fully subscribe for both.

Part of yesterday's later selling of Gilt-edged reflected fund-raising operations for the purpose of switching into the new taps. There was also an element of profit-taking, which had an exaggerated impact on prices, in attempts by dealers to square their positions after the strength of the past two days.

From its 1978-79 low of 64.64, the FT Government Securities index has gained 1.64 to 66.28 in the last eight business days, 1.09 of the rise having taken place since last Friday's close.

Equities took heart again from the broad advance in British Funds and a small investment interest soon impinged on the market's underlying stock shortage. Just before noon, however, the courage of investors faltered following reports of a worsening situation in Vietnam and values subsequently began to drift back from the best.

The FT 30-share index was 3.2 up at the 11 a.m. calculation but ended the day with no change on balance at 460.3. Yesterday's expansion in business was mirrored in bargains marked reaching 6,057—the highest since September 15 last. The main body of secondary stocks was not involved in the late downdrift so rises commanded a four-to-one majority over falls in all FT-quoted industrials.

Activity in the Investment currency market remained at a low ebb and, with sterling little altered from the overnight level, the premium closed ¾ better at 89¾ per cent. Yesterday's SE conversion factor was 0.6850 (0.6866).

A resurgence of demand in the Traded options market saw the number of deals expand to 1,352, just one above the previous record set on February 1. Ahead of the company's preliminary results tomorrow, ICI attracted 296 deals. Other active series included EMI with 197 trades and Grand Metropolitan with 143.

Discounts higher

Continuing to mirror the current buoyant mood of gilt-edged securities, Discounts made further progress with gains to 10 as in Cater Ryder, 295p, and Union, 335p. Merchant banks encountered selective demand with Keyser Ullmann the major beneficiary at 47p, up 4. The major clearers, however, drifted lower in moderate trading. Barclays closed 3 lower at 382p ahead of tomorrow's preliminary results, while Midland cheapened 5 to 360p.

Insurances closed firmer throughout the list on an increased turnover. Royals did well among Composites with a rise of 8 to 338p, after 340p; the preliminary results are due on March 1. GRE put on 4 to 216p and Eagle Star 2 to 130p. Life issues also moved higher helped by news that the UK Life assurance industry had a record year in 1978 for sales of individual life contracts and personal pension business.

The bulk of early gains in the Building sector were subsequently eroded by small selling. Blue Circle finished just a penny up on balance at 248p, after touching 252p. Tunnel "B," however, put on 12 to 286p and buyers were attracted to Breedon and Cloud Hill Lime which firmed 5 to 118p. In thin markets, International Timber held a gain of 4 at 116p, while Magnet and Southerns rose 8 to 145p and Brown and Jackson added 15 to 310p. In Constructions, satisfactory annual results left Marchwiel 2 to the good at 108p. Taylor Woodrow, in ex-rights form, moved from an opening 347p to 358p before settling up 9 on balance at 356p, while the new nil paid shares opened at 28p premium, moved up to 37p premium, and closed at 32p premium.

After early progress to 377p, ICI relapsed to unchanged at 371p.

Utd. Scientific fall

Leading Electricals moved narrowly throughout with GEC easing the turn to 325p; the company announced last night that Dr. Henry Kissinger had been appointed consultant to the Board. Elsewhere in the sector, a fair trade developed in Farnell, up 12 at 445p, while renewed investment demand took Electronic Rentals 5 higher to 178p. In thin markets, Ferranti put on 10 to 388p and Decca "A" 13 to 378p. Electrocomponents rose 8 to 373p, but selling triggered by the chairman's view of prospects lowered United Scientific 17 to 254p.

After touching 168p following the near-57 per cent profit increase, Ernest Jones (Jewellers) finished a net 2 down at 162p. Elsewhere in Stores, profit-taking after the previous day's Press-inspired rise of 13 left MFI Furniture 4 off at 230p, while Vantona relinquished 2 to 123p following the annual results. Bambers, on the other hand, rose 4 to 146p on renewed investment demand and mail-order concern Freemans added a like amount to 122p.

The Engineering leaders moved within narrow limits and closed a shade easier for choice. Elsewhere, Peter Brotherhood touched a 1978-79 low of 88p in initial reaction to the interim profits setback but rallied to close unchanged on balance at 93p.

Leading Foods encountered a useful business and J. Sainsbury and Associated Dairies firmed 6 apiece to 248p and 202p respectively. Elsewhere, revived speculative demand lifted Robertson 8 to 138p, and, in a thin market, George Bassett put on 10 to 121p.

The widely reported take-over denial prompted sharp fluctuations in the price of De Vere Hotels which, after Monday's jump of 42, dropped back to 224p before renewed speculative demand hoisted the price to only 3 off at 245p. News that the Kave brothers had acquired an 11.6 per cent stake in the company lifted M. F. North 8 to 36p.

Lawtex wanted

Still taking their cue from a buoyant gilt-edged market, the miscellaneous Industrial leaders soon extended the previous day's good gains by as much as 6 in places. However, nervousness induced by contrasting reports about the China/Vietnam crisis prompted a reaction which left the closing tone mixed. Beecham, after touching 633p, closed a net 2 easier at 625p, while Glaxo ended unaltered at 485p, after 490p. In ex-rights form, Rank Organisation closed at 232p, while the new nil-paid shares closed at 15p premium after opening at 7p premium. Elsewhere, Crest Nicholson rose 5 to 93p in response to the sharp increase in annual earnings and Sotheby's added 6 to 381p following revived investment demand. Buyers came for Lawtex which closed 7 to the good at 88p, while similar improvements were seen in Letraset, 138p, and Powell Duffryn, 168p. Thomas French put on 5 to 72p as did Lindustries, to 131p, while BBA, 51p and Norman Hay, 67p, appreciated 4 apiece. Vinten ended with an improvement of 4 to 144p while Donald Macpherson were fairly lively and recorded a gain of 2½ to 80p. Recovering from the previous day's dullness caused by concern about the Vietnamese situation, Far-Eastern stocks Jardine Matheson, 180p, and Swine Pacific, 123p, rallied 6 and 7 respectively. Liden, 8p, were suspended just before the announcement that the Board is considering several bid approaches.

Following last week's strength on speculative buying and Monday's reaction of 5, Management Agency and Music were prominent again in Leisure issues with a rise of 7 to 138p. Bar and Wallace Arnold Trust "A" also showed to advantage, rising 6 to 121p.

Hopes that the drawn-out legal battle between Lucas and Ferodo to gain control of French electrical component manufacturers Ducellier will soon end in Lucas's favour lifted the shares 3 to 275p. Elsewhere in Motors, the tone was mixed. Fodens, at 46p, gave up half of Monday's rise of 4 while, among Distributors, small buying was good for gains of 7 to 108p in Hartwells, and 2 to 118p in Harold Perry.

Major Newspapers showed useful rises. Associated, 190p, Pearson Longman, 211p and News International, 273p all rose around 4, while International Thomson rallied 12 to 342p. Selected speculative issues also firmed, Associated Book adding 12 for a two-day gain of 18 to 318p.

In Properties, the recently improved feeling about the outlook for interest rates and the effects of a broker's favourable circular combined to extend the previous day's useful advance. Prices, however, usually closed a penny or so below the best. News that Olympia and York Developments were now interested in 7.6m ordinary shares prompted a gain of a penny to 50p in English Property. Other leading issues attracted a reasonable early interest and MEPC firmed 5 for a two-day gain of 13 to 174p, after 177p. British Land put on 2 to 51p and the 12 per cent Convertible moved up 5 points to £182.

Oils shade firmer

Early interest in Oils fizzled out and prices of the leaders slipped back from the day's best to end with gains of a couple of pence. British Petroleum, 974p after 976p, and Shell, 640p after 645p, both closed a net 2 up, while secondary issues remained featureless.

Second thoughts over the interim results helped Sime Darby to rally 3 to 105p. Elsewhere in Overseas Traders, S. and W. Berisford, 182p, and Gill and Duffus, 155p, improved 5 and 7 respectively.

Milford Docks softened 8 to 175p on further profit-taking following the recent gain on news of Scanoil's stake.

Speculative support was again present for Sirdar, 3 better at 109p. Other Textiles traded quietly and closed with little change, but Carrington Viyella hardened a fraction to 33p in front of today's annual statement.

An active early business followed by strong London support left the Plantation market in firmer mood than of late. Guthrie rallied 6 to 438p on the general feeling that Sime Darby will up their offer soon. London Sumatra advanced 10 in a limited market to 227p.

Golds mark time

South African Golds moved narrowly throughout the day prior to closing a shade lower on balance reflecting a 75 cents fall in the bullion price to $247.625 ounce.

Trading in Golds was at a low level following the postponement of the U.S. Treasury gold auction and the market was also unsettled by the uncertainty surrounding the China-Vietnam conflict. The Gold Mines index eased 0.6 to 179.5 while the ex-premium index gave up 0.7 to 123.0.

Coals continued to attract attention with Transvaal Consolidated Land a point firmer at a 1978-9 high of £16¾. On the other hand "Amcoal" eased 5 to 810p in front of the increased profits and dividend. In the gold-orientated Financials, Johannesburg buying lifted Anglo-Vaal a further ½ to a high of £10¾.

London-registered Financials made steady progress despite a reaction in base metal prices. Charter and Rio Tinto-Zinc were both around 3 better at 151p and 282p respectively.

After opening barely changed and then easing on modest profit-taking, Australians finally moved ahead. In the base-metal producers Pacific Copper were outstanding and finally 8 higher at 102p.

Of the more speculative issues, gains of around 3 were common to Cultus Pacific, 30p, Selcast Exploration, 45p, and North West Mining, 36p.

Tins were featured by Killinghall, which advanced 45 to a 1978-9 high of 300p following Far Eastern buying.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	54	—	28
Corpns., Dom. and Foreign Bonds	40	—	24
Industrials	502	124	899
Financial and Prop.	197	35	277
Oils	6	6	26
Plantation	7	1	24
Mines	38	34	68
Recent Issues	4	1	27
Totals	848	201	1,373

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978-79 high	1978-79 low
Rank Org. 'New'	Nil/pd.	14	15pm	—	17pm	7pm
ICI	£1	13	371	—	421	328
Beecham	25p	11	625	−2	726	581
Shell Transport	25p	11	640	+2	642	484
Barclays Bank	£1	9	382	−3	398	296
Marks & Spencer	25p	9	86	−1	94	67½
BAT Inds.	25p	8	304	+2	346	260
EMI	50p	8	128	−1	190	124
GEC	25p	8	325	−1	349	233
Grand Met.	50p	8	120	+1	121	87
RTZ	25p	8	282	+3	284	164
Allied Breweries	25p	7	81	+½	94	78
BP	£1	7	974	+2	974	720
Dunlop	50p	7	65	—	90	60
Taylor Woodrow 'New'	Nil/pd.	7	32pm	—	37pm	28pm

FINANCIAL TIMES STOCK INDICES

	Feb. 20	Feb. 19	Feb. 16	Feb. 15	Feb. 14	Feb. 13	A year ago
Government Secs.	66.28	65.92	65.19	65.39	65.39	65.18	74.97
Fixed Interest	66.95	66.44	66.08	66.03	66.31	66.01	77.81
Industrial	460.3	460.3	455.3	450.6	457.4	455.4	454.6
Gold Mines	179.5	180.1	177.2	175.6	174.6	177.0	160.0
Gold Mines (Ex-$ pm)	123.0	123.7	121.1	120.3	118.5	120.1	116.6
Ord. Div. Yield	6.16	6.17	6.24	6.30	6.21	6.24	5.80
Earnings Y'ld % (full)	16.10	16.11	16.31	16.46	16.33	16.31	17.95
P/E Ratio (net) (*)	8.06	8.05	7.95	7.88	7.99	7.95	7.86
Dealings marked	6,057	4,253	3,726	4,474	4,952	5,252	4,762
Equity turnover £m.	—	55.33	60.36	66.74	84.65	75.32	52.14
Equity bargains total	—	14,173	11,535	12,110	15,177	13,486	11,349

10 am 463.0. 11 am 463.5. Noon 462.3. 1 pm 462.3. 2 pm 462.7. 3 pm 462.4.

Latest Index 01-246 8026.

*Nil=7.82.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978/9 High	1978/9 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.58 (5/1/78)	64.64 (6/2/79)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/78)	65.77 (12/2/79)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9/78)	433.4 (2/3/78)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.8 (14/8/78)	134.1 (23/11/78)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	132.3 (14/8/78)	90.3 (13/4/78)	337.1 (3/4/74)	54.3 (28/6/76)

S.E. ACTIVITY

	Feb. 20	Feb. 19
—Daily Gilt Edged	204.8	174.8
Industrials	184.1	136.0
Speculative	44.5	37.7
Totals	137.9	96.8
5-day Av'r'ge Gilt Edged	178.0	178.5
Industrials	144.5	139.8
Speculative	35.6	37.4
Totals	106.8	103.1

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Feb. 6	Feb. 19	May 3	May 15
Feb. 20	Mar. 5	May 17	May 30
Mar. 6	Mar. 19	May 31	Jne. 12

For rate indications see end of Share Information Service

A livelier business than of late in the Option market saw calls in Fitch Lovell, De Vere, Spillers, Dunlop, Consolidated Gold, P & O, Premier Oil, Forward Technology, Ultramar, Whessoe, Charterhall, Edgar Allen Balfour, Burmah, Amalgamated Distilled Products, Tesco, Delteme Rubber, British Land, Associated Fisheries, Inter-City, Woodhouse and Rixson, French Kier, Robert Kitchen Taylor, Pearson Longman and Allebone. A put was reported in Sound Diffusion, while doubles arranged included Spillers and FNFC 9½ per cent 1992/7.

NEW HIGHS AND LOWS FOR 1978/9

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978-79.

NEW HIGHS (87)

BANKS (1): Cater Ryder
BUILDINGS (3): Breedon Lime, Brown & Jackson, [illegible]
STORES (4): Bakers Stores, Dewhirst, Home Charm, [illegible]
ELECTRICALS (6): Arlen Elec., Electrocomponents, Elect. Rentals, Energy Services, Farnell Elect., Kode Intl.
ENGINEERING (4): Drake & Scull, Mining Supplies, Nigel Engineering, R.C.F. Hldgs.
FOODS (2): Morrison (Wm.), Sainsbury (J.)
HOTELS (2): North (M. F.), Swan (Reo)
INDUSTRIALS (12): Crean (J.), Crest Nicholson, Gieves Group, Harris (P.), Johnson Matthey, Macpherson (D.), Office Dev., P.M.A. Hldgs., Riley (E. J.), Silverthorne, Stretchley, Wade Potteries
LEISURE (5): Barr & WAT A, Hawley Leisure, Man. Agency Music, Samuelson Film, [illegible]
NEWSPAPERS (1): Assoc. Book Pubs.
PAPER (2): Saatchi & Saatchi, Waddingtons
PROPERTY (22): Allied London, British Land, Brixton Estates, Churchbury Estates, City Offices, Country & District, English Property, Estates & General, Estates Prop. Inv., Great Portland, Land Investors, MEPC, Peachey, Land Secs., Do. 5½pc Conv. '85, Do. 10pc Conv., Do. 10pc Conv. '92, Regional Prop., Second City, Slough Ests., Do. 10pc Conv. '90, Town Centre, Utd. Real Prop., Warner Estate, Winston Estates
SHIPPING (1): Lond. O'seas Frghtrs.
TEXTILES (2): Highams, [illegible]
TRUSTS (1): Gresham House
OILS (2): BP, Shell Transport
OVERSEAS TRADERS (2): Berisford (S. & W.), [illegible]
RUBBERS (2): Harrisons Malaysian, London Sumatra
MINES (6): Stilfontein, Transvaal Cons. Land, Western Mining, Lydenburg Plat., Killinghall, [illegible]

NEW LOWS (3)

BUILDINGS (1): Higgs & Hill
ENGINEERING (1): Brotherhood (P.)
INDUSTRIALS (1): Redfearn Nat. Glass

LONDON TRADED OPTIONS

Option	Ex'rc'se price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	900	88	10	115	17	135	—	973p
BP	950	48	2	76	1	97	—	"
BP	1000	18	4	46	—	72	—	"
Com. Union	140	8	5	12	3	16	—	142p
Com. Union	160	1½	40	4½	—	7½	—	"
Cons Gold	160	50	11	52	—	59	—	206p
Courtaulds	100	11	5	12½	—	14½	—	106p
Courtaulds	120	1½	25	3½	20	6	—	"
GEC	300	34	24	50	—	59	—	325p
GEC	330	13½	64	30	—	39	—	"
GEC	360	3	11	14½	22	—	—	"
Grand Met.	100	20	45	22	38	25	—	120p
Grand Met.	110	10	4	15	20	18	—	"
Grand Met.	120	4	21	7	—	10½	15	"
ICI	330	43	17	54	4	62	—	373p
ICI	360	15½	166	34	6	40	5	"
ICI	390	4	58	16	38	21	30	"
ICI	420	1	—	6½	5	—	—	"
Land Secs	220	51	5	56	—	—	—	267p
Land Secs	240	32	7	38	—	46	—	"
Land Secs	260	13½	39	22	4	33	—	"
Marks & Sp	70	19	4	21	—	—	—	87p
Marks & Sp	80	10	8	13½	—	16	—	"
Marks & Sp	90	3½	7	6½	1	10	—	"
Shell	600	44	31	70	8	—	—	640p
Shell	650	14½	36	40	—	54	—	"
Totals			621		175		57	

Option	Ex'rc'se price	February Closing offer	February Vol.	May Closing offer	May Vol.	August Closing offer	August Vol.	Equity close
BOC Intl.	70	3½	37	6½	—	8	—	72p
Boots	200	½	53	11	27	15½	9	194p
Boots	220	½	1	4	—	7½	—	"
Boots	240	¼	—	1½	—	—	—	"
Boots	260	¼	10	—	—	—	—	"
EMI	100	2	—	15½	12	19	—	129p
EMI	120	¼	35	9½	12	13½	—	"
EMI	140	1	—	3	27	5	—	"
EMI	160	¼	—	½	32	3½	5	"
ImperialGp	80	5	10	6	—	11½	—	86p
ImperialGp	90	½	10	1	—	2½	—	"
RTZ	220	63	3	70	—	5	—	282p
RTZ	240	43	5	48	—	59	—	"
RTZ	260	22	20	34	—	39	—	"
RTZ	280	4	41	22	37	29	—	"
Totals			229		257		33	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P.E. Ratio
65	F.P.	20/2	123	68	Caledonian Hldgs.	121	—	—	47.3	1.6	8.9 10.1
‡‡	F.P.	16/3	152	118	Hunting Assoc. Defd.	121	—	—	—	—	—
‡‡	F.P.	9.2	57	51	M.Y. Dart Defd.	51	—	—	—	—	—
95	Nil	—	5pm	3½pm	Sedgwick F.New10p	3½pm	—	T5.0	2.1	7.6	9.2

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1978/9 High	1978/9 Low	Stock	Closing Price £	+ or −
‡‡	F.P.	16/2	109p	102p	Assoc. Dairies 6% Pref.	105p	
‡‡	Nil	28/2	2pm	1pm	Chepstow Race 8% Cnv. Uns. Ln. 1988	1pm	
‡‡	F.P.	26/1	100p	99p	Coine Valley Water 8% Red Prf 1983	99p	
100p	F.P.	26/12	100p	99p	Findlay 9% Cnv. Cum. Red. Prf.	100p	
98	£10	23/2	10	10	Hawley Leisure 12% Cnv. Uns. Ln. '88-93	12	
100p	F.P.	1/3	102	100	Mid Kent Water 8% Pref. 1984	100p	
98	£10	20/4	10½	10	Norwest Holst Prof. 9% ...	10½	
100p	F.P.	11/1	107p	99p	Rivington Reed 9½% Cnv. Cum. Red. Prf.	107p	
100p	F.P.	8/1	94p	94p	Seascope 10¼% Pref.	94p	
‡‡	F.P.	9/3	98p	96p	Shaw Carpets 10% 2nd Cum. Pref. 81	96p	

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1978/9 High	1978/9 Low	Stock	Closing Price p	+ or −
125	F.P.	9/2	23/3	171	154 Baker Perkins	165	
240	Nil	—	—	24pm	18pm Bank of Nova Scotia	21pm	
60	Nil	—	—	9pm	6pm Burco Dean	9pm	
280	F.P.	14/2	6/4	255	235 Haslemere Estates	254	
56	Nil	—	—	3pm	2pm Hawkins & Tipson	3pm	
67	Nil	—	—	9½pm	7½pm Macpherson (D.)	9½pm	
80	Nil	—	—	13pm	10pm Montfort	13pm	
95	Nil	—	—	17pm	7pm Rank Org.	15pm	
10	F.P.	22/12	2/2	19	14 Suter Electrical Defd.	19	
12	F.P.	14/2	14/3	26½	23 Swan Ryan Intl.	26½	
315	Nil	—	—	37pm	28pm Taylor Woodrow	32pm	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. r Dividend and yield based on prospectus or other official estimates for 1979. q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Feb. 20, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Mon. Feb. 19 Index No.	Fri. Feb. 16 Index No.	Thur. Feb. 15 Index No.	Wed. Feb. 14 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	226.89	+0.5	17.85	5.86	7.65	225.72	223.37	222.77	225.74	198.70
2	Building Materials (28)	200.99	+1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	358.44	+1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (15)	542.71	+4.2	14.18	3.50	9.65	541.43	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (12)	344.92	+1.0	19.48	6.56	6.94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (73)	174.95	+0.1	19.10	6.36	6.38	174.80	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (16)	156.95	+0.4	17.74	9.16	7.84	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11	CONSUMER GOODS (DURABLE)(53)	208.57	+0.9	16.93	5.20	7.89	206.77	[illegible]	[illegible]	[illegible]	[illegible]
12	Lt. Electronics, Radio, TV (16)	273.33	+1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13	Household Goods (12)	190.38	+0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	Motors and Distributors (25)	113.78	+0.8	22.61	7.44	5.56	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GOODS (NON-DURABLE)(170)	209.42	+0.6	16.57	6.20	7.90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Breweries (14)	224.59	+0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	Wines and Spirits (6)	296.37	+0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	Entertainment, Catering (17)	275.93	+0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (19)	198.97	+0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	258.44	+2.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	388.97	+1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (15)	155.72	+0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (40)	193.51	+0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (25)	170.35	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	244.39	+0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games (6)	90.97	+0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (99)	196.02	+0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (18)	261.09	+1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Pharmaceutical Products (7)	242.21	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	125.19	+1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	430.40	−0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (58)	217.79	+0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (494)	217.24	+0.5	16.75	6.09	7.90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (6)	558.56	+0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	243.11	+0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (115)	160.27	+0.6	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	203.83	−0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	221.81	+2.5	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	158.25	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	135.95	+1.6	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	117.97	+1.2	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	302.12	−0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	77.91	+1.5	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (43)	263.20	+1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (10)	111.82	+0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (111)	207.44	+0.4	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	121.26	+1.0	15.50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (20)	324.37	+1.2	15.06	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	225.76	+0.5	—	5.70	—	224.64	222.30	221.27	223.29	198.86

	FIXED INTEREST PRICE INDICES British Government	Tues., Feb. 20	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	102.37	+0.36	—	1.66
2	5-15 years	106.55	+0.53	—	2.25
3	Over 15 years	109.93	+0.55	—	2.55
4	Irredeemables	118.01	+1.00	—	[illegible]
5	All stocks	106.16	+0.48	—	[illegible]

	FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.		Tues., Feb. 20	Mon., Feb. 19	Year ago (approx.)
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium	5 years	[illegible]	[illegible]	[illegible]
5	Coupons	15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High	5 years	[illegible]	[illegible]	[illegible]
8	Coupons	15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]

		Tues., Feb. 20 Index No.	Yield %	Mon. Feb. 19	Fri. Feb. 16	Thur. Feb. 15	Wed. Feb. 14	Tues. Feb. 13	Mon. Feb. 12	Fri. Feb. 9	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	61.37	14.40	61.26	61.21	61.20	60.97	60.84	60.81	60.50	61.27
16	Investment Trust Prefs. (15)	48.73	14.30	48.31	48.12	47.99	48.02	47.98	47.68	47.01	57.06
17	Coml. and Indl. Prefs. (20)	68.60	13.69	67.75	67.76	67.76	67.64	67.41	67.40	68.29	77.87

‡ Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Gilt Int. Tst.	100.0	105.3	+1.6	3.34
Abbey Capital	34.4	36.6	+0.2	4.55
Abbey Income	40.7	43.3	+0.3	6.73
Abbey Inv. Tst. Fd.	35.7	38.0	+0.2	4.85
Abbey Gen. Tst.	46.3	49.3xd	+0.4	4.54
Equitas Prog. Tst.	68.3	72.1	+0.4	4.68

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	67.1	71.8xd	+0.6	5.79
Brit. Inds. Fund	65.1	69.7	+0.8	5.60
Grth. & Inc.	36.9	39.5	+0.3	5.57
Elect. & Ind. Dev.	35.7	38.2	+0.4	4.71
Allied Capital	71.2	76.2	+0.7	4.75
Hambro Fund	108.7	116.3	+1.0	5.37
Hambro Acc. Fd.	125.2	134.0	+1.0	4.90
Income Funds				
High Yield Fd.	71.4	76.4xd	+0.5	8.51
High Income	67.0	71.7	+0.7	7.28
A. H. Eq. Inc.	38.7	41.4xd	+0.3	7.42
International Funds				
International	26.6	28.5xd	+0.1	2.39
Pacific Fund	44.2	47.3	+0.2	1.88
Secs. Of America	55.4	59.3	+0.1	1.94
Specialist Funds				
Smaller Co.'s Fd.	38.0	40.7	+0.3	4.67
2nd Smlr. Co's Fd.	50.1	53.6	+0.4	4.44
Recovery Sits.	98.3	105.2	+1.2	5.23
Met. Min. & C'dty.	44.8	47.9	+0.3	4.78
Overseas Earnings	59.2	63.3	+0.6	4.58
Exempt Funds				
Far East Exempt	46.8	48.7	.....	2.04
Smaller Co. Exempt	62.6	65.9	+0.6	4.93
U.S.A. Exempt	98.5	102.6	+0.1	2.14

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	51.9	55.8	.....	4.98

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	160	170xd	.....	—

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

**High Yield	45.1	49.0	+0.5	10.98
**(Accum. Units)	66.2	71.9	+0.5	10.98
Extra Income Fd.	103.8	112.8	+0.8	11.02
High Inc. Fund	39.6	43.0xd	+0.6	9.61
‡(Accum. Units)	56.8	61.7xd	+0.6	9.61
(8½% W'drwl. Uts.)	52.0	56.5xd	+0.6	9.61
Preference Fund	23.3	25.4	+0.1	13.32
(Accum. Units)	37.9	41.2	+0.3	13.32
Capital Fund	18.7	20.2	.....	—
Commodity Fund	64.8	69.7	+0.4	5.21
(Accum. Units)	94.7	101.9	+0.6	5.21
(10% W'drwl.U.)	54.9	59.2	+0.3	5.21
Fin.&Prop.Fd.	17.9	19.5	+0.4	2.83
Giants Fund	37.8	41.1	+0.2	2.04
(Accum. Units)	45.1	49.0	+0.2	2.04
Growth Fund	32.5	35.3	+0.5	2.05
(Accum. Units)	39.5	42.9	+0.5	2.05
Smaller Co's Fd.	28.9	31.5	+0.4	3.98
Eastern & Intl. Fd.	24.1	26.2	+0.2	1.18

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	22.8	24.5	.....	3.31
Accum. Units	27.1	29.1	.....	3.31
J. Finlay Income	34.0	36.6	.....	9.31
J. Finlay Euro.Fin.	27.7	29.8	.....	2.96
Accum. Units	32.8	35.3	.....	2.96
J. Finlay Fd.In.Tst.	28.1	30.2	.....	5.01
Accum. Units	32.7	35.2	.....	5.01

Prices on Feb. 14. Next dealing Feb. 21.

Framlington Unit Mgt. Ltd. (a)
5-7 Ireland Yard, EC4B 5DH. 01-248 6971

American	48.2	51.2	.....	1.10
Capital Tst.	137.2	145.8	.....	3.91
Income Tst.	107.6	114.4	.....	7.72
Int. Growth Fd.	116.6	124.0	.....	2.12
Do. Accum.	121.4	129.0	.....	2.12

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	44.1	47.1	+0.4	4.63
Do. Accum.	58.1	62.1	+0.5	4.63

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Feb. 15	101.1	103.2	.....	4.84
Gross Income Feb. 15	74.5	76.6	.....	9.40
High Yield Feb. 15	86.4	87.5	.....	9.03

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Inc.	90.2	95.9	+1.8	3.10
Do. Acc.	110.7	117.7	+2.2	3.10
G.T. Inc. Fd. Un.	166.9	177.5	+4.1	8.50
G.T. U.S. & Gen.	126.1	134.1	+0.4	3.10
G.T. Japan & Gen.	88.7	93.6	+0.1	1.60
◊Gt. Pens.Ex.Fd.	163.0	171.1	+8.1	3.70
G.T. Int'l. Fund	148.2	157.6	+0.9	2.10
G.T. Four Yds. Fd.	54.9	58.4	+1.3	7.60
G.T. Far East & Gen.	45.7	49.1	−0.4	2.00

G. & A. Trust (a)(g)
5 Rayleigh Road, Brentwood (0277) 227300

G. & A.	33.6	35.9	+0.3	5.13

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-283 3531

American Tst.	25.9	27.8	.....	0.11
British Tst. (Acc.)	57.0	61.3	+0.5	3.49
Commodity Share	169.3	182.0	+1.6	3.69
Extra Income Tst.	24.9	26.8	+0.3	8.55
Far East Trust	35.8	38.5	.....	0.25
High Income Tst.	58.9	63.3xd	+0.4	9.31
Income Fund	75.0	80.6xd	+0.8	6.82
Ins. Agencies	£14.29	15.11xd	+1.6	3.68
Intl. Exempt Fd.	90.2	97.0	+0.6	4.96
Intl. Tst. (Acc.)	32.2	34.6	+0.1	0.60

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

Extra Income	28.5	30.7xd	+0.8	10.70
Income	44.0	47.3	+0.3	8.40
Accumulation	64.6	70.3	+0.6	3.20
GrowthIt	39.4	42.9	+0.3	4.20
Capital	42.7	45.9	+0.3	5.00

...

Emson & Dudley Tst. Mngmnt. Ltd.
20, Arlington St., S.W.1. 01-499 7551

Emson Dudley Tst.	70.3	75.6	.....	7.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	68.2	71.7	+0.7	4.43

CORAL INDEX: Close 458-463

INSURANCE BASE RATES

†Property Growth 12%
†Vanbrugh Guaranteed 12.62%
†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 46¼% (based on US$2.0050 per £)

Conversion factor 0.6850 (0.6866)

CANADIANS

S.E. List Premium 46¼% (based on $2.3977 per £)

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BANKS & HP—Continued

Hire Purchase, etc.

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BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD GROCERIES—Cont.

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INDUSTRIALS (Miscel.)

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[illegible]

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[illegible]

INSURANCE—Continued

[illegible]

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CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

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[illegible]

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[illegible]

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[illegible]

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[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

$15¾	$10¼	Buffels R1	$13⅛	......	Q190c	ϕ	16.6
$11¼	830c	East Drie R1	$10⅝	-⅛	Q115c	ϕ	12.5
585c	330c	East Rand Prp. R1	420c	+5	Q10c	—	—
$28⅜	$16½	F.S. Geduld 50c	$23⅞	-⅛	Q315c	2.4	15.2
$15⅛	975c	Pres. Brand 50c	$13¾	-⅛	Q150c	3.2	13.0
$13⅝	900c	St. Helena R1	$13⅛	-¼	Q190c	1.4	16.3
542c	313c	Stilfontein 50c	542c	+2	Q66c	2.3	14.0
$23¼	$16¼	Vaal Reefs 50c	$23¼	......	Q280c	ϕ	13.6
$37	$25	West Drie R1	$32½	-¼	†Q385c	1.7	13.6
$31¼	$19	West Hldgs. 50c	$28⅞	-⅛	Q415c	1.4	16.5
$13	895c	Western Deep R2	$11¼	-⅛	Q147½c	2.4	14.5

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for *value of declared distributions and rights.* Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 30

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......	Sheffield Brick	54	+3
[illegible]					

IRISH

[illegible]

OPTIONS

3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday February 21 1979

Offshore U.S. oil rigs may be taxed

By Kevin Done and Michael Lafferty

U.S. OIL service and supply companies working on the U.K. Continental Shelf will soon be liable to British taxation for the first time even if they are not permanently established in the U.K.

This is believed to be one of the main changes to the U.S./UK double taxation treaty, which is still to be ratified by the governments of both countries.

The move to make all U.S. oil service companies operating in UK waters liable to British taxation is part of a compromise deal aimed at making the taxation package more attractive to the British Government.

It appears certain that the new pact will not ban the controversial unitary tax regime of U.S. states such as California and Alaska, which taxes foreign multinational companies on a proportion of their world-wide income.

The original treaty covered this point but after extensive lobbying, the U.S. Senate deleted the relevant clause before approving the rest of the treaty last June.

Under the revised protocol, which is still to be published, U.S. companies involved in the U.K. offshore oil and gas activities will become liable to UK taxation as if they had permanent bases in the country.

Many U.S. service and supply companies operating on short-term contracts do not have any permanent onshore business. Under the present treaty they can therefore escape taxes.

The treaty amendment will probably cover companies operating in UK waters for more than 30 days in any 12-month period. It is expected to bring into the UK tax net U.S. companies providing the services of geologists, geophysicists, drilling consultants, specialist submersible operators, oil well engineers and other technical expertise.

Companies that are affected will be able to offset their UK tax payments against U.S. taxation.

Another proposal which could be included in the amended protocol would set a limit to the amount of Petroleum Revenue Tax relief that oil companies will be able to claim against U.S. tax.

In addition some senior tax accountants believe that there may be a restriction on the amount of advance corporation tax paid by UK subsidiaries which U.S. companies will be able to reclaim. Under the treaty as originally drafted this refund would have been available from April 1975.

Scots need 1½m 'yes' votes for devolution

BY ELINOR GOODMAN, LOBBY STAFF

JUST UNDER 1½m people in Scotland will have to vote in favour of devolution to officially overcome the 40 per cent hurdle in the legislation inserted by opposition groups.

In Wales, where it is likely to be more difficult to meet the two-fifths requirement, the figure is about 815,000.

Figures released yesterday by the Government on the numbers entitled to vote in the referendums on March 1 show that a far smaller adjustment had been made to the electoral registers than pro-devolutionists maintained was necessary to take account of the dead, or those registered at several addresses.

In Westminster, however, there is a growing feeling that such figures are largely academic. The signs are that a simple majority—however small—of voters in favour of devolution might be enough for the Government to argue in the Commons for the setting up of the Assemblies.

As long as at least 50 per cent of those who bother to go to the polls vote "Yes," then Ministers will be able to maintain that the electorate has shown that it wants devolution.

In this way they hope to maintain the support of the 13 Scottish Nationalist Party MPs and hold on to power until autumn.

They believe that party loyalty will prove strongest among Labour backbenchers.

If less than 40 per cent of the total electorate in Scotland and Wales vote in favour of devolution the Government must table an order repealing the legislation setting up the Assemblies.

This means that for the first time in British electoral history, voters who abstain will have a direct influence on the result.

But just because the Government has an obligation to lay an order repealing the legislation under certain circumstances does not mean it would have to support such a repeal.

Several of those Ministers most closely concerned with devolution believe that, as long as a majority of those who go to the polls vote in favour of devolution, they could argue against supporting the order when it was laid in the House.

Since the Tories would undoubtedly support the order, Parliamentary procedure dictates that the Government could succeed with this strategy only if most of those who rebelled against the party on devolution when the Act was passed fell into line this time.

The signs are that if Ministers do not try to press ahead with the Assemblies when the referendum has produced only a small majority in favour, then even some of those Labour backbenchers most closely associated with the insertion of the 40 per cent rule might be prepared to go along with the Government rather than be responsible for precipitating an election.

BBC ignores Callaghan advice

The Prime Minister yesterday urged the BBC to go ahead with party political broadcasts on the referendum in spite of the court injunction preventing the Independent Broadcasting Authority from showing them in Scotland. His advice was ignored, however, by the BBC which last night announced that it was scrapping the broadcasts. Last week a Scottish judge ruled that the IBA would not be maintaining a proper political balance if the programmes went out. Yesterday, Mr. Callaghan said that what the BBC did was a matter for them but he trusted that the broadcasts would go on.

The question was for the political parties to sort out and not the Government, he stressed. Page 11

Kissinger to advise GEC

BY MAX WILKINSON

DR. HENRY KISSINGER, the former U.S. Secretary of State, is to become a consultant to the General Electric Company, the UK's largest private sector employer.

The company hopes Dr. Kissinger will be able to give advice on its plans for a new phase of international expansion, particularly in the U.S.

In December, 1977, GEC appointed Mr. Geoffrey Cross, former managing director of International Computers Limited, to look for possible acquisitions in the U.S. Dr. Kissinger's role is, therefore, likely to lie in giving advice at a general political and economic level.

This is the first appointment that Dr. Kissinger has accepted with a British company, although he has taken consultancies with several American concerns.

Dr. Kissinger is a personal friend of Mr. Ronald Grierson, the former banker who is a main Board director of GEC and closely involved in the company's U.S. strategy.

The fee Dr. Kissinger will be paid has not been disclosed.

Men and Matters Page 18

THE LEX COLUMN

Hot money comes back to gilts

Every now and then a flood of footloose international money surges into a likely looking domestic bond market. Before Christmas, money cascaded (mainly from the UK) into Irish gilts. In January the juicy yields of 16 to 18 per cent available on Danish government bonds were catching the eye of foreign investors to such an extent that the Danish authorities were forced early this month to impose a temporary ban on overseas buying of these securities. Now the international hot money set is turning its attention to the UK Government bond market.

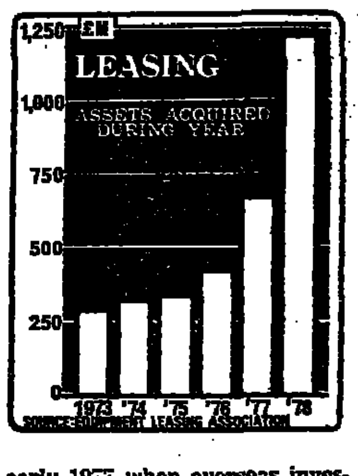
Although the Japanese have been dabbling since November, buying to the tune of perhaps £150m, a much wider level of foreign inquiry became noticeable late last week, and significant purchases have been evident in the past two days. On domestic factors alone, the gilt-edged market would have been stopped in its tracks by the two new issues for £1.25bn announced last Friday. Instead, overseas buying has upset the equilibrium, is threatening to panic some of the more liquid domestic institutions, and has served to send prices up by the best part of two full points.

In these circumstances the Government's partly paid stocks inevitably encourage speculation. Both the new issues seem to be about 1¼ points adrift of the market's new level, so with only £15 per cent payable on application stags can calculate a potential profit of 10 per cent. In these circumstances a great many domestic punters, as well as foreigners, are likely to be filling in their application forms today, assuming the market holds steady.

The EMS does not exist, yet its spirit is haunting the European capital markets. If there is a commitment to relatively stable exchange rates it becomes very difficult for governments to operate radically different policies on interest rates. When foreigners were nervous about sterling there was no particular appeal in a margin of 6 or 8 points over yields on, say, DM bonds. Now Britain's North Sea wealth at a time of rising oil prices makes the stability of sterling entirely credible to foreigners; at least so long as money growth is restrained — and the move to 14 per cent MLR was ample evidence of that.

The scale of inflows into gilt-edged should not be exaggerated at this stage, however. There is little sign of abnormal movements on the foreign exchange market. The opportunity is not so attractive as in late 1976 and early 1977 when overseas investors perceived an opportunity to make significant currency gains as well as to participate in rising sterling prices for bonds. And it is easy for international investors to move in, but much more difficult for them to take their profits away with them from a domestic bond market. Where are those buyers of Irish gilts now?

Index at 460.3 (same)



Leasing boom

These are heady days for leasing companies. The latest figures from the Equipment Leasing Association show that their new business grew by £1.2bn or 80 per cent last year. Admittedly the figures are inflated by an increase in the ELA's membership, but even so the underlying rate of growth was of the order of two-thirds in 1978.

Add in outsiders, and the leasing industry probably wrote around £1.5bn of new business in 1978—roughly treble the figure of just a couple of years ago. To put this £1.5bn in perspective, total sterling bank lending to the private sector rose by only £3.9bn over the same period.

To be fair, the growth over the past couple of years has been distorted by a spectacular jump in new car leasing business from £6m to £343m following the relaxation of the control of hiring order in 1977. From now on, growth in car leasing is going to moderate, but even so industry sources suggest that the underlying rate of growth of new leasing could be of the order of 40 per cent in the current year.

The spectacular growth of leasing originally reflected the fact that many companies were paying virtually no mainstream corporation tax, because of stock appreciation relief, and hence could not take advantage of the generous capital allowances. By contrast, the banks, in particular, were making lots of profits but could not take advantage of the capital allowances since they had very few major capital projects. By developing their leasing interests they could take advantage of the capital allowances and pass on at least part of the benefits to the industrial customer.

However, as companies have started to pay more and more mainstream tax they have realised that they too can enjoy the benefits of a leasing company, and reduce (or defer) their tax burden. Over the last few years a thriving sub-industry of lease brokers has sprung up to advise people and more and more companies have set up their own leasing operations. Hogg Robinson, Marley and Ladbroke are just a few well-known names.

Against this background new car leasing seems a likely target for the Chancellor's next Budget, as he seeks to claw back some of the £500m of tax deferred by the leasing industry last year.

Vantona

The impact of the Iranian upheaval is starting to show through in company profits statements. Ten months of the way through 1978, Vantona—one of Europe's leading household textile businesses—reported that its profits were up by 30 per cent. But profits for the full year are now shown to be less than a tenth higher at £7.3m, pre-tax, and the main explanation is that fees amounting to nearly £500,000 which were due under an Iranian know-how deal have not been received. No provision has been made against a contract to supply cloth to the Iranian army which could, in the worst circumstances, lose £200,000.

To add to its troubles, Vantona has lost the equivalent of about a month's deliveries since the year end as a result of the transport strike and bad weather. But the impact on production has been much less severe, and the outlook for demand in the UK remains satisfactory. Profits of the uniform manufacturer, Compton Webb, will be consolidated for the first time this year. And Vantona can afford to contemplate a further extension of its manufacturing base, since its debt ratios are not high and it is still generating a lot more cash than it is spending on its existing operations. The shares yield a well-covered 7½ per cent at 123p.

State industries accounts guidelines out soon

BY MICHAEL LAFFERTY AND JOHN LLOYD

INTERIM ACCOUNTING guidelines for the nationalised industries are expected to be announced by the Treasury this week.

Its statement is likely to confirm that the State industries have been unable to agree any common accounting rules after the outcry that greeted last year's annual reports.

The main complaint concerned the variety of accounting policies adopted by different nationalised companies. Central to that was the British Gas decision to provide supplementary depreciation charges in its 1976 accounts without making any adjustment to figures in the previous year.

The practice was continued last year and copied by the electricity industry.

It was announced later that the Treasury would hold talks with the companies in an effort to bring some uniformity to their accounts. By late last year, however, it was clear that the talks had resulted in little agreement.

The compromise, which will be announced probably on Thursday, is likely to emphasise that the UK is going through a transition period from traditional methods to the current-cost type of inflation accounting. Until an agreed inflation accounting system is reached, therefore, the Government does not propose to introduce separate rules for the State companies.

Instead, all the nationalised industries may be expected to emphasise operating profits in this year's annual reports.

That figure is determined before interest charges and other non-trading items. However, it would be useful for any sort of comparison only if all the companies determine depreciation charges in the same way and follow similar accounting rules for other items.

The second part of the compromise seems to centre on a form of statement contrasting each company's actual performance with that demanded by its financial targets.

Finishing touches to the statement seem to have been completed at a meeting last Friday between the Nationalised Industries Chairmen's Group and Mr. Denis Healey, Chancellor of the Exchequer.

Murray rebukes Chapple

By Nick Garnett, Labour Staff

MR. LEN MURRAY, TUC general secretary, severely rebuked one of Britain's leading trade unionists and a member of the TUC General Council last night.

Mr. Murray said in a statement to the Press that Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union, had talked "dangerous nonsense" and made "uninformed and unhelpful comments" in newspaper interviews about the present public-service disputes.

In a most unusual public censure of a union leader, Mr. Murray "deplored" what Mr. Chapple had said about the disputes "which, in all conscience, are already difficult enough to resolve without Mr. Chapple adding to the problems."

Mr. Chapple was quoted in newspapers this week on the disputes and published a signed article in a Sunday newspaper.

In that article, which he defended, Mr. Chapple said that the tactics of some pickets were those of terrorists and argued that awarding groups of workers sizeable wage increases simply because they were very badly paid was a recipe for disaster.

Mr. Murray said in his statement: "He and I and the rest of us have for too long taken it for granted that the people who, for example, daily have to handle linen contaminated by excrement, vomit and blood will just go on working and keep silent. It is our fault if they have to shout just to draw attention to their grievances.

"I know that Mr. Chapple is not an inhumane man. To compare the actions of these people with those of terrorists does credit neither to his humanity nor his commonsense."

Ambulance men drop strike threat, Page 10

Arab bid for bank stake meets new snags in Washington

BY STEWART FLEMING IN NEW YORK

A GROUP of Arab investors advised by the Bank of Credit and Commerce in London have run into another obstacle in their efforts to acquire Financial General Bankshares, the Washington bank-holding company.

The U.S. Federal Reserve Board has ruled that the vehicles created by the Arab group to make the fiercely opposed acquisition — Credit and Commerce American Holdings NV of the Netherlands Antilles; and Credit and Commerce American Investment of the Netherlands, cannot be given the necessary prior approval to become bank-holding companies.

They would need this to acquire the $2.2bn bank. The ruling is based on a conflict with Maryland State banking laws.

In coming to its decision the Fed has ruled that the proposed takeover by the Arab group, which is also being advised by Mr. Bert Lance, President Carter's former Budget director, would infringe Maryland banking laws, which rule out "hostile" takeovers of banks.

Financial General is one of the few U.S. banks which has operations in several states.

Mr. Robert Altman, the Middle East investors' lawyer, said that the Central Bank's decision was not an insurmountable obstacle to the deal.

The group would continue trying to acquire Financial General.

He said that there were precedents for challenging the constitutionality of the Maryland takeover statute, adding that the Maryland bank concerned was a small subsidiary of Financial General.

Mr. Altman suggested that there were ways in which the obstacle to the deal presented by Financial General's ownership of this bank could be avoided.

Rival yards to work on Govan order

By Ian Hargreaves, Shipping Correspondent

WORKERS at Govan Shipbuilders, Glasgow, have agreed to the almost unprecedented step of allowing part of an order to be sub-contracted to rival yards to meet delivery dates.

The decision, designed to ensure prompt delivery of the yard's Polish ships, was made at a mass meeting yesterday. It followed a recent "work-in" at the yard. Manual workers refused to obey a management instruction to stay away because of industrial action by supervisors.

The men, who were technically in breach of regulations covering health and safety, worked for three days without supervision to ensure that there was no further delay in the controversial Polish programme.

Govan is building 13 ships in the £115m deal between British Shipbuilders and Poland. Heavy penalty clauses apply for late delivery.

The ships are due for delivery between next month and the end of the year and workers have agreed to sacrifice several million poundsworth of work to maintain this programme.

Under the deal, machinery will be installed in certain ships at the Kincaid engine works, also on Clydeside. Other outfitting jobs will be done by Cammell Laird on Merseyside and Sunderland Shipbuilders. All those companies are subsidiaries of British Shipbuilders.

The organisation yesterday expressed confidence that all 24 vessels ordered would be completed on time, although certain yards had fallen behind.

One of these is the South Bank yard of Smith's Dock, Teesside. Delays were caused by an inter-union dispute involving draughtsmen at Govan, who are responsible for the ships' drawings.

Bad weather has also hampered several yards this winter.

Local councils refuse to pay water charges

OPPOSITION by industry in the North-West to a new water authority system of charging for fire protection sprinkler installations, involving in some cases stiff increases, has now developed to the point where two county councils—Greater Manchester and Cumbria—are refusing to pay the charges imposed by the North-West Water Authority.

Mr. David Brindle, a senior solicitor of the Greater Manchester Council, has told Manchester Chamber of Commerce and Industry, which has been active in opposing the increases, that his authority considers them unlawful. It was prepared to take its protest as far as possible, he said, "even if it meant being taken to court."

Mr. Brindle added: "The water authority cannot monitor the amount of water used in fire-fighting purposes, so it has imposed a high standing charge. The only cost of the sprinklers is the fitting of a pipe from the water-main to the sprinkler system."

New charges were introduced last April.

Continued from Page 1

Carter warning

tion, as alleged by the Soviet Union last week.

More generally, he said that the "darker side of change" in the world—such as the Iranian revolution—was to encourage intervention by outsiders. The U.S. could not and would not seek to determine what sort of government the people in Iran chose for themselves.

U.S. policy in Iran had been to help promote modernisation without causing internal conflicts. The revolution was caused by deep social economic and religious factors, the President argued, adding that those who maintained that the U.S. should intervene to thwart such events were wrong. He cited the Vietnam war as the ultimate example of the futility of U.S. intervention.

Iran, he hoped, could be "a significant potential force for stability and progress in the region." But meanwhile the U.S. was prepared to support its allies to whatever extent it deemed necessary including more military supplies—a clear reassurance to Saudi Arabia.

Normalisation of relations with Peking, Mr. Carter stated, was "an accomplished fact and will not be reversed." Some Congressional critics of closer ties with Peking are arguing that the weekend attack on Vietnam means that Peking's peaceful assurance on the future of Taiwan cannot be trusted and that Congress must take steps to protect both Taiwan and American "honour."

Continued from Page 1

More jobless

was some 10,000 less than a year ago.

This was sufficient to result in a fall of 3,270 in the unadjusted unemployment total to 1.45m, or 6.1 per cent of the work force.

The bad weather has also been reflected doubling over the past month to 41,700 of the number of workers temporarily stopped, but not included in the unemployment figures.

Team named for Lloyd's inquiry

By John Moore

LLOYD'S OF LONDON has completed the appointment of a seven-man working party to examine the investigatory and disciplinary powers of the Lloyd's market.

The members are Mr. Thomas Langton, a past deputy chairman of Lloyd's and a director of Devitt Langton and Dawnay Day, an associate company of the Dawnay Day Group bankers; Mr. Norman Frizzell, a Lloyd's insurance broker; Mr. A Bruce Gray, a past deputy chairman of Lloyd's and a director of Robert Bradford (Underwriting); Mr. Gordon Hutton, a marine underwriter at Lloyd's; Mr. David Watt, director of the Royal Institute of International Affairs and a former journalist; and Mr. Robin Broadley, a corporate finance director of Baring Brothers, merchant bankers.

Weather

UK TODAY

EARLY drizzle and fog, becoming dry with bright intervals.

London, S. and N. England, E. Anglia, Midlands
Patchy fog early and late. Drizzle at first dry later. Max. 4C (39F).

Wales, Lakes, I. of Man, S. W. England
Mainly dry with some bright intervals. Max. 6C (43F).

S. E. and S. W. Scotland, Cent. Highlands
Cloudy. Bright intervals later. Max. 1C (34F).

N. Scotland and Islands, Ulster
Rain at times. Hill fog patches. Max 4C (39F).

● **Outlook:** Most parts will be dry but rain in Northern Scotland.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	R	12	54	Lisbon	S	12	54
Algiers	C	15	59	Locarno	C	6	43
Amsdm.	C	−1	30	London	C	2	36
Athens	F	9	48	Luxmbg.	C	0	32
Bahrain	S	22	72	Madrid	S	11	52
Barclna.	C	13	55	Majorca	C	13	55
Beirut	F	17	63	Malaga	S	19	66
Belfast	C	7	45	Malta	F	15	59
Belgrd.	S	3	37	M'chstr	C	3	37
Berlin	C	0	32	Melbne.	S	29	84
Biarritz	F	10	50	Mex. C.	C	19	66
Bmghm.	C	1	34	Milan	F	6	43
Blackpl.	S	5	41	Mntreal.	C	−3	27
Bord.	C	4	39	Moscow	S	−6	21
Boulgn.	C	1	34	Munich	C	1	34
Bristol	C	5	41	Nairobi	S	23	73
Brussels	C	0	32	Naples	F	12	54
Budpst.	F	4	39	Nwcstl.	C	1	34
B. Aires	S	25	77	N. York	S	−1	30
Cairo	S	19	66	Nice	F	13	55
Cardiff	Fg	3	37	Nicosia	F	15	59
Cas'b'ca	F	17	63	Oporto	S	12	54
Cape T.	S	24	75	Oslo	C	−2	28
Chicago	C	−4	25	Paris	C	1	34
Cologne	C	1	34	Perth	S	26	79
Cpnhgn.	S	0	32	Prague	F	2	36
Corfu	C	13	55	Reykjvk.	F	1	34
Dublin	C	8	46	Rhodes	F	12	54
Dbrvnk.	S	12	54	Rio J'o	C	28	82
Ednbgh.	C	5	41	Rome	F	15	59
Faro	S	17	63	Salzbrg.	F	3	37
Florence	S	9	48	Singapr.	S	29	83
Frankft.	F	3	37	Stckhm.	C	1	34
Funchal	S	18	64	Strasbg.	C	3	37
Geneva	C	4	39	Sydney	C	25	77
Gibrltr.	S	18	64	Tangier	F	16	61
Glasgow	F	7	45	Tehran	C	4	40
G'rnsey	C	3	37	Tel Aviv	C	17	63
Helsinki	C	−4	25	Tenerife	S	14	57
H. Kong	C	23	73	Tokyo	C	11	52
Innsbrk.	F	5	41	Toronto	S	−9	16
Invrnss.	F	7	45	Tunis	C	13	55
I.o.Man	F	6	43	Valencia	S	15	59
Istanbul	C	3	37	Venice	S	8	46
Jersey	C	3	37	Vienna	F	4	39
Jo'burg	S	26	78	Warsaw	S	−4	25
L. Plms.	F	18	64	Zurich	C	1	34

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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